DREIER's provision to eliminate floor privileges and access to Member exercise facilities for registered lobbyists who are former Members or officers of the House.

Since the founding of our country, interest groups, or "factions," as Madison called them in 1787, were seen as both a boon and a bane to giving the American people fair representation. Fully 90 years before votes were finally given to African Americans and former slaves, and 150 years before universal suffrage, our Founding Fathers understood the dangers of interest groups and the biased effect they can have on policy and law.

Unfortunately, in 2006, the interest groups now have the higher hand at the expense of our citizens and constituents. The pockets of powerful Members of Congress, and the unequal access former Members of Congress have, supercede their responsibility to their constituents. This is unequal access to democracy.

Reforms are desperately needed, and for once, we have bipartisan agreement. The difficulty now, is determining where reform is needed urgently and unequivocally, and seeing it through to established law.

As a co-sponsor for the Honest Leadership and Open Government Act of 2006, which we will all be considering soon enough, I can say that today's bill should be the beginning of many reforms.

The Honest Leadership and Open Government Act of 2006:

Limits gifts and travel: Bans gifts, including meals, tickets, entertainment and travel, from lobbyists and non-governmental organizations that retain or employ lobbyists, prohibits lobbyists from funding, arranging, planning or participating in congressional travel.

Regulates Member travel on private jets: Requires Members to pay full charter costs when using corporate jets for official travel and to disclose relevant information in the CONGRESSIONAL RECORD, including the owner or lessee of the aircraft and the other passengers on the flight.

Shuts down the K Street Project: Makes it a criminal offense and a violation of the House Rules for Members to take or withhold official action, or threaten to do so, with the intent to influence private employment decisions.

Slows the revolving door: Prohibits former Members, executive branch officials and senior staff from lobbying their former colleagues for 2 years; eliminates floor and gym privileges for former Members and officers who are lobbyists; and requires Members and senior staff to disclose outside job negotiations.

Ends the practice of adding special interest provisions in the dead of the night: Prohibits consideration of conference reports and other legislation not available in printed form and on the Internet for at least 24 hours; requires full and open debate in conference and a vote by the conferees on the final version of the legislation; prohibits consideration of a conference report that contains matters different from what the conferees voted on.

Toughens public disclosure of lobbying activities: Requires lobbyists to file quarterly reports with more information, including campaign contributions, fundraisers and other events that honor Members, and the name of each Member contacted. Report must be in electronic format, searchable on the Internet; increases civil and criminal penalties for lobbyists who violate the rules.

The most obvious place to begin these reforms is here, where we conduct business every day. It is unconscionable that we would allow this access to special interest groups in a place where citizens of this country are not allowed to step. The House has played favorites, against the people we took an oath to protect and serve.

Lobbyists should not be allowed on the floor, or in exercise rooms maintained for the well-being and personal use of congressional Members, staff, and employees.

I am ashamed that we have to urge my Republican colleagues to adopt more effective measures. It should be a no-brainer. Let's start with this simple reform and keep it going until we succeed in delivering the government "of the people, by the people, and for the people," back to the people.

It is for these reasons that I vigorously support drawing a clear ethical line at that door and preventing unjust and unethical influence in our place of business. I urge my colleagues to also extend their support for H. Res. 648 and renew our dedication to our constituencies and ethical principles.

Mr. PAUL. Mr. Speaker, anyone who doubts that symbols often take priority over substance in Washington only needs to consider that among our first items of business the House of Representatives is considering this year is a measure banning from the House gym former members of Congress who are now lobbyists. This bill is being rushed to the floor in order to assure the American people that Congress is "cracking down" on lobbying practices in response to recent scandals.

This measure does nothing to address the root cause of the scandals—the ever-growing size and power of the Federal Government. As long the Federal Government continues to regulate, tax, and subsidize the American people, there will be attempts to influence those who write the laws and regulations under which the people must live. Human nature being what it is, there will also be those lobbyists and policymakers who will manipulate the power of the regulatory state to enrich themselves. As I have said before, and I fear I will have plenty of opportunity to say again, the only way to get special interest money and influence out of politics is to get the money and power out of Washington. Instead of passing new regulations and laws regulating the people's right to petition their government, my colleagues should refuse to vote for any legislation that violates the constitutional limits on Federal power or enriches a special interest at the expense of American taxpayers. Returning to constitutional government is the only way to ensure that our republican institutions will not be corrupted by powerful interests seeking special privileges.

Mr. DREIER. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California (Mr. DREIER) that the House suspend the rules and agree to the resolution, H. Res. 648.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds of those present have voted in the affirmative.

Mr. DREIER. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this question will be postponed.

RELATING TO CONSIDERATION OF S. 1932, DEFICIT REDUCTION ACT OF 2005

Mr. PUTNAM. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 653 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 653

Resolved, That the House hereby concurs in the Senate amendment to the House amendment to the bill (S. 1932) to provide for reconciliation pursuant to section 202(a) of the concurrent resolution on the budget for fiscal year 2006 (H. Con. Res. 95).

UNFUNDED MANDATE POINT OF ORDER

Mr. MCDERMOTT. Mr. Speaker, pursuant to section 426 of the Congressional Budget Act of 1974, I make a point of order against consideration of this rule, H. Res. 653. Section 425 of that same act states that a point of order lies against legislation which imposes an unfunded mandate in excess of specified amounts against State or local governments. Section 426 of the Budget Act specifically states that a rule may not waive the application of section 425.

H. Res. 653 states that the House hereby concurs in the Senate amendment to the bill S. 1932 to provide for reconciliation. This self-executing rule effectively waives the application of section 425 to provisions in the underlying bill on child support enforcement which the Congressional Budget Office informs us impose an intergovernmental mandate as defined by the Unfunded Mandates Reform Act.

Therefore, I make a point of order that the rule may not be considered pursuant to section 426.

The SPEAKER pro tempore. The gentleman from Washington makes a point of order that the resolution violates section 426(a) of the Congressional Budget Act of 1974.

In accordance with section 426(b)(2) of that Act, the gentleman has met the threshold burden to identify the specific language in the resolution on which the point of order is predicated.

Under section 426(b)(4) of the Act, the gentleman from Washington (Mr. MCDERMOTT) and the gentleman from Florida (Mr. PUTNAM) each will control 10 minutes of debate on the question of consideration.

Pursuant to section 426(b)(3) of the Act, after that debate, the Chair will put the question of consideration, to wit: Will the House now consider the resolution?

The Chair recognizes the gentleman from Washington (Mr. MCDERMOTT) for 10 minutes.

Mr. MCDERMOTT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I have no doubt that a lot of moderate Republicans wish they were somewhere else today, anywhere where they could escape the embarrassment of voting against the American people one more time in a brand-new year just after that State of the Union last night.

Here we go again. The first legislative act of 2006 looks just like the last legislative day of 2005. Republicans call this a reconciliation, but it is really Republican resignation from meeting the needs of American people or addressing the issues that threaten our security.

This vote will occur out in the open on the House floor, but the deals were cut in secret behind closed doors with the American people locked out and the Republican Party locked in.

Until Republican leaders got what they wanted, and it is not in the best interest of the American people, we have before us today an example of the President's ownership society: you own the problem. This bill removes Federal money from child support enforcement and for caring for abused kids, requiring States to pick up the tab.

Republicans will twist arms to pass this unconscionable and unfunded mandate. If you are a middle-class student, Republican reconciliation will have you seeing red because your college education will be awash in high-priced debt. Republican leaders care so much about middle-class America that they are cutting $12 billion in student loans.

Want an education? Financial institutions give Republicans a lot more money than you do. Now you get to give the financial institutions a whole lot more money. That is some rabbit-out-of-the-hat trick. By the magic of Republican reconciliation, students will pay more, your parents will pay more when they try to help you, and America will pay more when we deny the next generation the opportunity to get a higher education.

Republicans increase the interest rate for their core corporate constituency and increase the failure rate of the Nation investing in a more important asset: our next generation. Republican reconciliation offers dollars that make no sense. That is what happens when Republican Members have to answer to their leadership before their constituents.

Republicans talk about security, but there is no security in gutting a student loan program that invests in America's future. There is no common sense either. That is no surprise, of course. Republican reconciliation sacrifices common sense for uncommon greed.

Students from solid middle-class families will suffer. So will seniors who use Medicare, because almost $7 billion in Medicare cuts are buried inside this Republican reconciliation. Seniors will pay more so that America's wealthiest can keep more.

The Republicans have squandered our commitment to America's distinguished citizens in order to trade need for greed. Part B premiums for some Medicare beneficiaries are going up because the Republicans locked themselves into a conference committee without the Democrats and locked the American people out.

On Friday, the nonpartisan Congressional Budget Office informed us that $28 billion in cuts to Medicaid in this bill would impose new costs on 13 million poor and working-poor recipients. These are the people the President said last night we are taking care of your health care. Brother, you don't want a guy like that taking care of you.

By 2015, new fees would end insurance coverage for 65,000 Medicaid enrollees, 60 percent of them children.

□ 1400

Meanwhile, the cost of prescription drugs will rise and the number of people helped will fall.

It all happened when Republicans gathered and locked out America. Why debate in public when you can decide it in secrecy? That is the way the Republicans like to do it. They hope no one will notice. They forgot that when middle America is floundering in a lifeboat with loss of pensions, loss of health care, loss of jobs, the Republicans capsize the boat. It is hard not to notice. Water is pouring in all around us, just like New Orleans. Remember when the President said, ''Brownie, you are doing a heck of a job.'' He sure did. Rarely have we seen so much lost over so little, dinner.

Republicans have raised the bar with reconciliation. As bad as it will be for students and as hard as it will be for seniors, Republicans saved their worst tactics for our most vulnerable and defenseless citizens: Kids in foster care, kids in single parent households, kids in low-income families, and kids in families with a disabled parent.

This reconciliation cuts almost $3 billion from programs for America's most vulnerable children. Deadbeat dads, have a great day, guys. The Republicans have given you a head start out of responsibility. Someone may find you eventually. The program to make sure that child support is paid crumbles under this Republican rule.

Today Republicans have resigned from their responsibility to take care of America's interests. They say all of these problems are up to the States to solve on their own because that is what they mean by an ownership society: States own the problems.

Republicans are now telling States to put more welfare recipients into make-work activities, but they do not provide any resources to achieve that goal. They do not even let child care funding keep pace with inflation. So States may have to cut child care assistance to pay for the new welfare requirements. It is just one more unfunded mandate for the States and one more burden for working families.

Now, cash would be nice, but they have drained the Treasury to pay for the President's economic stimulus. Now it is an addiction. Just keep giving the wealthiest Americans more and more money. There is no end to how much money the President is willing to give them, and there is no end to how much money it will take from a host of foreign governments to finance a deficit rising higher than the sky.

Reconciliation by Republicans is a one-point program: Make the rich richer. It was crafted in secret. At least now finally it is out in the open.

Mr. Speaker, I reserve the balance of my time.

Mr. PUTNAM. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the bill before us today has changed somewhat from its travels in the Senate. The rhetoric on the other side of the aisle has not. It is the same old tired class-warfare rhetoric, more befitting of a response to the State of the Union than anything at all related to a parliamentary inquiry regarding unfunded mandates.

The specific point as it relates to an unfunded mandate claim by the other side regarding the child support changes in the Deficit Reduction Act is simply not correct. According to the GAO, in 2004 the Federal Government paid 88 percent of all child support program costs. Eighty-eight percent. Ten States made money on their program from the taxpayers from the other 40 States. Ten States retained more child support collections than it cost them to operate it. They actually generated substantial profit with the Federal Government picking up 100 percent of their costs, the Federal Government obviously not being a nebulous concept, the Federal government being the other 40 States subsidizing 10 States' child support programs to the tune of a profit.

Over the next 5 years, the Federal Government will spend nearly $20 billion on child support program costs. That is after the changes that are made here in the Deficit Reduction Act, and still far more than the States are expected to spend. States continue to receive $500 million in Federal incentive funds every year, on top of $2 in Federal funds for every $1 of State funds spent for a 66 percent Federal matching rate. Not a bad deal.

Set in this context, this claim of unfunded mandates is simply not correct and not meaningful. The child support savings in the Deficit Reduction Act result from ending the practice of States claiming Federal matching funds for spending Federal child support incentive funds, double dipping, if you will.

This double dipping cannot be justified. Closing this loophole, which is what it amounts to, saves $1.6 billion over 5 years with no impact on services being provided to the clients. The change would not take effect until fiscal year 2008, giving States 2 years to adjust to the change. And States could replace every penny of expected Federal savings by increasing their own spending modestly with the Federal Government filling in the difference. States could unlock $2 Federal dollars for every $1 spent under the program's 66 percent match rate. So if States want to increase spending by $900 million, they would have to pony up $300 million of their own. Again, not a bad deal for the States. I think it is a return that most investors would accept readily.

CBO's letter that the gentleman refers to shows it is impossible to achieve even modest savings in this open-ended entitlement program without raising an underfunded mandate objection. Unless your goal is to prevent any reduction in Federal spending, which I think it is fair to stipulate is their goal, this is not a meaningful objection.

Even with this change, CBO expects child support collections will grow each and every year and the projections bear that out, rising from $24 billion today to $28 billion in 2010 and $34 billion in 2015, clearly only a Democratic definition of a cut.

Other features of the Deficit Reduction Act would provide States significant Federal welfare funds, including $17 billion in annual TANF block grants through 2010 and $3 billion in mandatory child care through 2010, a $1 billion increase above current law.

Mr. Speaker, I reserve the balance of my time.

Mr. McDERMOTT. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Michigan (Mr. LEVIN), who stopped the attempt to privatize Social Security.

(Mr. LEVIN asked and was given permission to revise and extend his remarks.)

Mr. LEVIN. Mr. Speaker, last night the President of the United States said, ''Wise policies such as welfare reform have made a difference in the character of our country.''

What you are doing on the Republican side, I am afraid, is in character. It is not class warfare on our side, it is your warfare against the children of America.

It is not our definition, it is CBO's and I quote from a letter of January 31 to Mr. RANGEL: ''As requested by your staff, CBO has reviewed the child support provisions in the conference agreement for S. 1932, the Deficit Reduction Act of 2005, and we have determined that those provisions contain an intergovernmental mandate as defined in the Unfunded Mandates Reform Act.'' That is what CBO says.

And CBO says something else. That this conference report, with the changes you have made, will lead to a reduction in the amount collected for the kids of America in child support of $8.4 billion. That is CBO, not Democrats saying that.

So I just want to tell everybody who is thinking of voting for this conference report, you should expect now, next week, June, July, August, September, October, and yes, in November, the citizens of this country and of your district, will be asking you to justify how you cut funding for child support in a way that would lead to the kids of your district and America combined losing $8.4 billion in child support. That is kids who need it, families who need it, from people who owe it.

Yes, as the President said yesterday, there are some wise policies that make a difference in the character of our country, not what you are doing today.

Mr. PUTNAM. Mr. Speaker, I yield myself such time as I may consume.

I remind the gentleman that today we will spend $24 billion on the child support collection program to which he refers. By 2010, we will spend $28 billion on the same program; by 2015, $34 billion.

The gentleman is worried about June, July, August, September, October, and yes, even November. We are worried about 2010, 2020, and 2030, about getting our arms around an exploding entitlement program that is engorging the entire Federal budget, and your actions to stop any and all responsible budgeting to prevent entitlement spending from taking up two-thirds of the Federal budget within the decade, to prevent any meaningful Social Security reform that would guarantee that GenX-ers out there will have the same opportunities that those in their seventies have, to prevent the types of entitlement reforms that are needed to save the very programs that you are so proud of in Social Security and Medicaid and Medicare, that are worthy pillars of this domestic government, you block each and every time, including this action which is a very modest savings that still generates more money each and every year by substantial sums than the previous and still guarantees a high level of service to the young people.

Mr. LEVIN. Mr. Speaker, will the gentleman yield?

Mr. PUTNAM. I yield to the gentleman from Michigan.

Mr. LEVIN. Does the gentleman deny point blank the estimate of CBO, we do not control it, that this bill will lead to a reduction of $8.4 billion in child support for the kids of America? Do you deny the CBO estimate?

Mr. PUTNAM. Mr. Speaker, reclaiming my time, nowhere in the CBO score for this report is there any estimates that States will lose TANF funds for failure to operate satisfactory child support programs. They would score as an additional Federal savings if they did, and that is just not there.

I think I have answered the gentleman's question.

Mr. Speaker, I reserve the balance of my time.

Mr. McDERMOTT. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, it probably does not surprise most Americans when Republicans and Democrats have different opinions on a bill, so let me highlight the opinion of a third voice, U.S. Conference of Catholic Bishops. Here is what they say about the legislation before us.

Our Bishops' Conference is deeply disappointed that the final budget reconciliation conference agreement coming once again before the House of Representatives includes provisions in these areas which we believe could prove harmful to many low-income children, families, elderly and people with disabilities who are least able to provide for themselves. Because of these concerns, we ask you to oppose the budget reconciliation conference agreement.

BISHOPS' PRESIDENT URGES HOUSE TO REJECT BUDGET AGREEMENT

WASHINGTON (January 30, 2006).—The recent budget reconciliation bill fails to ''meet the needs of the most vulnerable among us,'' said Bishop William S. Skylstad, president of the United States Conference of Catholic Bishops in a January 24 letter to the House of Representatives.

Bishop Skylstad said the greatest concerns were over: increased Medicaid cost-sharing burdens; cuts to child support enforcement; changes in Temporary Assistance for Needy Families programs which underfund work programs and childcare; and cuts to agriculture conservation programs.

''We urge you to reject the conference agreement and work for policies that put poor children and families first,'' Bishop Skylstad said.

The text of the entire letter follows.

JANUARY 24, 2006.

HOUSE OF REPRESENTATIVES,
Washington, DC.

DEAR REPRESENTATIVE: In December, as President of the United States Conference of Catholic Bishops, I wrote to you expressing serious concerns about provisions in the budget reconciliation bill. The proposed changes in Medicaid, child support enforcement funding, Temporary Assistance for Needy Families (TANF), and agriculture conservation programs, in particular, could have a negative impact upon the most vulnerable in our nation.

Our Bishops' Conference is deeply disappointed that the final budget reconciliation conference agreement coming once again before the House of Representatives includes provisions in these areas which we believe could prove harmful to many low-income children, families, elderly and people with disabilities who are least able to provide for themselves. Because of these concerns, we ask you to oppose the budget reconciliation conference agreement.

Among the areas of most concern to us are:

Increased Medicaid cost-sharing burdens and eroding federal benefit standards which can result in low-income children, families, pregnant women, elderly and those with disabilities not getting the care they need.

Cuts to child support enforcement, which will mean collecting billions less in child support for children and families than under current law.

TANF-related provisions, including:

Immediate and significant changes in state TANF work rules (although additional proposals to increase hours worked per week were wisely abandoned) without providing sufficient additional funding needed to run work programs and provide child care. This will mean states may have to choose between cutting child care for low-income working families, reducing other services for low-income people, or cutting back on cash assistance for needy families; policies that could have the effect of disadvantaging two-parent families and married couples; and failure to restore TANF benefit eligibility to recently-arrived legal immigrants. Cuts to key agriculture conservation programs, which will undermine efforts to promote soil conservation, improve water quality, protect wildlife, and maintain biodiversity.

We recognize that the bill also includes positive elements, such as additional funding for victims of Hurricane Katrina and a program to promote marriage and healthy families. We are also grateful that cuts to the Food Stamps program were dropped from the package. However, we believe that, overall, the impact of this bill will be to fail to meet the needs of the most vulnerable among us. Therefore, we urge you to reject the conference agreement and work for policies that put poor children and families first.

There are many challenges and much tumult in Washington that demand the attention of our leaders. However, an essential priority of government is to provide for the general welfare of its people, especially ''the least among us.''

Mr. PUTNAM. Mr. Speaker, I yield myself the balance of my time.

This debate has devolved into a 10-minute extension of the overall concept of deficit reduction. The unfunded mandates claim does not ring true. There is more money going into these States. States have been double-dipping, and the action in this bill today will simply close that loophole and end that practice, particularly by the 10 States that have been operating on Federal dollars at a profit.

Mr. PUTNAM. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. SIMPSON). The question is: Will the House now consider the resolution?

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. McDERMOTT. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 226, nays 201, not voting 6, as follows:

[Roll No. 2]

YEAS—226

Aderholt
Akin
Alexander
Bachus
Baker
Barrett (SC)
Bartlett (MD)
Barton (TX)
Bass
Beauprez
Biggert
Bilirakis
Bishop (UT)
Blackburn
Blunt
Boehlert
Boehner
Bonilla
Bonner
Bono
Boozman
Boustany
Bradley (NH)
Brady (TX)
Brown (SC)
Brown-Waite, Ginny
Burgess
Burton (IN)
Buyer
Calvert
Camp (MI)
Campbell (CA)
Cannon
Cantor
Capito
Carter
Castle
Chabot
Chocola
Coble
Cole (OK)
Conaway
Crenshaw
Cubin
Culberson
Davis (KY)
Davis, Jo Ann
Davis, Tom
Deal (GA)
DeLay
Dent
Diaz-Balart, L.
Diaz-Balart, M.
Doolittle
Drake
Dreier
Duncan
Ehlers
Emerson
English (PA)
Everett
Feeney
Ferguson
Fitzpatrick (PA)
Flake
Foley
Forbes
Fortenberry
Fossella
Foxx
Franks (AZ)
Frelinghuysen
Gallegly
Garrett (NJ)
Gerlach
Gibbons
Gilchrest
Gillmor
Gingrey
Gohmert
Goode
Goodlatte
Granger
Graves
Green (WI)
Gutknecht
Hall
Harris
Hart
Hastings (WA)
Hayes
Hayworth
Hefley
Hensarling
Herger
Hobson
Hoekstra
Hostettler
Hulshof
Hyde
Inglis (SC)
Issa
Jenkins
Jindal
Johnson (CT)
Johnson (IL)
Johnson, Sam
Jones (NC)
Keller
Kelly
Kennedy (MN)
King (IA)
King (NY)
Kingston
Kirk
Kline
Knollenberg
Kolbe
Kuhl (NY)
LaHood
Latham
LaTourette
Leach
Lewis (CA)
Lewis (KY)
Linder
LoBiondo
Lucas
Lungren, Daniel E.
Mack
Manzullo
Marchant
McCaul (TX)
McCotter
McCrery
McHenry
McHugh
McKeon
McMorris
Mica
Miller (FL)
Miller (MI)
Moran (KS)
Murphy
Musgrave
Myrick
Neugebauer
Ney
Northup
Norwood
Nunes
Nussle
Osborne
Otter
Oxley
Paul
Pearce
Pence
Peterson (PA)
Petri
Pickering
Pitts
Platts
Poe
Pombo
Porter
Price (GA)
Pryce (OH)
Putnam
Radanovich
Ramstad
Regula
Rehberg
Reichert
Renzi
Reynolds
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Royce
Ryan (WI)
Ryun (KS)
Saxton
Schmidt
Schwarz (MI)
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shuster
Simmons
Simpson
Smith (NJ)
Smith (TX)
Sodrel
Souder
Stearns
Sullivan
Sweeney
Tancredo
Taylor (NC)
Terry
Thomas
Thornberry
Tiahrt
Tiberi
Turner
Upton
Walden (OR)
Walsh
Wamp
Weldon (FL)
Weldon (PA)
Weller
Westmoreland
Whitfield
Wicker
Wilson (NM)
Wilson (SC)
Wolf
Young (AK)
Young (FL)

NAYS—201

Abercrombie
Ackerman
Allen
Andrews
Baca
Baird
Baldwin
Barrow
Bean
Becerra
Berkley
Berman
Berry
Bishop (GA)
Bishop (NY)
Blumenauer
Boren
Boswell
Boucher
Boyd
Brady (PA)
Brown (OH)
Brown, Corrine
Butterfield
Capps
Capuano
Cardin
Cardoza
Carnahan
Carson
Case
Chandler
Clay
Cleaver
Clyburn
Conyers
Cooper
Costa
Costello
Cramer
Crowley
Cuellar
Cummings
Davis (AL)
Davis (CA)
Davis (FL)
Davis (IL)
Davis (TN)
DeFazio
DeGette
Delahunt
DeLauro
Dicks
Dingell
Doggett
Doyle
Edwards
Emanuel
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Ford
Frank (MA)
Gonzalez
Gordon
Green, Al
Green, Gene
Grijalva
Gutierrez
Harman
Hastings (FL)
Herseth
Higgins
Hinchey
Hinojosa
Holden
Holt
Honda
Hoyer
Inslee
Israel
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson, E. B.
Jones (OH)
Kanjorski
Kaptur
Kennedy (RI)
Kildee
Kilpatrick (MI)
Kind
Kucinich
Langevin
Lantos
Larsen (WA)
Larson (CT)
Lee
Levin
Lewis (GA)
Lipinski
Lofgren, Zoe
Lowey
Lynch
Maloney
Markey
Marshall
Matheson
Matsui
McCarthy
McCollum (MN)
McDermott
McGovern
McIntyre
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Melancon
Michaud
Millender-McDonald
Miller (NC)
Miller, George
Mollohan
Moore (KS)
Moore (WI)
Moran (VA)
Murtha
Nadler
Napolitano
Neal (MA)
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Peterson (MN)
Pomeroy
Price (NC)
Rahall
Rangel
Reyes
Ross
Rothman
Roybal-Allard
Ruppersberger
Rush
Ryan (OH)
Sabo
Salazar
Sánchez, Linda T.
Sanchez, Loretta
Sanders
Schakowsky
Schiff
Schwartz (PA)
Scott (GA)
Scott (VA)
Serrano
Sherman
Skelton
Slaughter
Smith (WA)
Snyder
Solis
Spratt
Stark
Strickland
Stupak
Tanner
Tauscher
Taylor (MS)
Thompson (CA)
Thompson (MS)
Tierney
Towns
Udall (CO)
Udall (NM)
Van Hollen
Velázquez
Visclosky
Wasserman Schultz
Waters
Watson
Watt
Waxman
Weiner
Wexler
Woolsey
Wu
Wynn

NOT VOTING—6

Hastert
Hooley
Hunter
Istook
Miller, Gary
Shimkus

□ 1436

Mr. LARSON of Connecticut and Mr. SCOTT of Virginia changed their vote from ''yea'' to ''nay.''

Mr. AKIN, Mr. BROWN of South Carolina, and Mrs. CUBIN changed their vote from ''nay'' to ''yea.''

So the question of consideration was decided in the affirmative.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The SPEAKER pro tempore (Mr. SIMPSON). The gentleman from Florida (Mr. PUTNAM) is recognized for 1 hour.

Mr. PUTNAM. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentlewoman from New York (Ms. SLAUGHTER), pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

(Mr. PUTNAM asked and was given permission to revise and extend his remarks.)

Mr. PUTNAM. Mr. Speaker, we are dealing with the Deficit Reduction Act yet again to address some technical amendments that were made by the Senate. House Resolution 653 provides that the House agree with the Senate amendments to the House passed version of S. 1932. S. 1932 provides for reconciliation as described in the Congressional budget resolution of 2006.

As a member of both the Rules Committee and the Budget Committee and a conferee on this legislation, I am pleased to bring this legislation to the floor for what we hope will be its final, final consideration.

For the first time since 1997, the Congressional budget resolution included deficit reduction instructions to authorizing committees to find and achieve mandatory program savings for a more accountable government. It does this by finding smarter ways to spend and by slowing the rate of the growth of government, especially on the mandatory side of the ledger.

The Deficit Reduction Act seeks to curb the unsustainable growth rate of mandatory programs that are set to consume 62 percent of our total budget in the next decade if left unchecked. The agreement will stimulate reform of these entitlement programs, many of which are outdated, inefficient and excessively costly.

Mr. Speaker, I am proud of this legislation, and I am proud of the work that this House, through its authorizing committees, through the Budget Committee process, through, in short, regular order has achieved. I am proud of that. I am proud that this legislation begins a long-term effort at slowing the growth of entitlement spending.

Our goal was to control government spending so that Americans can keep more of their own money instead of having the government seize more. The authorizing committees from both Chambers have worked very hard to find savings within their individual jurisdictions that total nearly $40 billion in efficiency. The agreement allows programs and agencies to weed out waste, fraud, abuse, duplication of effort, so that we can channel more Federal dollars to programs that succeed and to the people who are truly in need, to serve the intended populations more efficiently, more effectively, and in smarter ways.

I look forward to passing this reform bill and reaffirming sound oversight and fiscal responsibility here in Washington. This legislation is a step towards smarter, more competent government. I urge Members to support it.

Mr. Speaker, I reserve the balance of my time.

Ms. SLAUGHTER. Mr. Speaker, I yield myself such time as I may consume.

I insert in the RECORD two documents referring to this bill.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON GOVERNMENT REFORM,
Washington, DC, January 30, 2006.

BUDGET RECONCILIATION AND THE ALEXANDER STRATEGY GROUP

VOTE NO UNTIL WE KNOW

DEAR COLLEAGUE: Do you know why the pending Budget Reconciliation Conference Report contains none of the $10 billion in cuts to pharmaceutical companies that passed the Senate?

Neither do I.

But I have a guess. On the back of this letter is the interim disclosure for the first six months of 2005, showing:

PhRMA,
The Alexander Strategy Group,
Ed Buckham, and
Tony Rudy

all working together on "Medicare, Medicaid, Prescription Drug Issues, and Budget Process." (The final disclosure forms are not due until February 15).

Postpone the vote on Budget Reconciliation until after an investigation is conducted on the role of the scandal-ridden Alexander Strategy Group in the negotiations. Ask the Speaker to create a bipartisan investigation.

You don't want to vote in favor of a tainted bill. Vote No until we know.

Sincerely,

HENRY A. WAXMAN,
Ranking Minority Member.

Clerk of the House of Representatives Legislative Resource Center B-106 Cannon Building Washington, DC 20515	Secretary of the Senate Office of Public Records 232 Hart Building Washington, DC 20510

HAND DELIVERED

LEGISLATIVE RESOURCE CENTER
2005 AUG 15 PM 3:30
OFFICE OF THE CLERK
U.S. HOUSE OF REPRESENTATIVES

3

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) - **All Filers Are Required to Complete This Page**

1. Registrant Name
Alexander Strategy Group

2. Address ☐ Check if different than previously reported
3000 K St NW, Suite 101

3. Principal Place of Business (if different from line 2)
City: Washington, D.C. State/zip (or Country) 20007

4. Contact Name Edward Stewart Telephone (202) 339-8900 E-mail (optional)

5. Senate ID # 47176-75

7. Client Name ☐ Self
Pharmaceutical Research & Manufacturers of America

6. House ID # 34431~~046~~ 006

TYPE OF REPORT 8. Year 2005 Midyear (January 1-June 30) ☑ OR Year End (July 1-December 31) ☐

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ ⇨ Termination Date ________

11. No Lobbying Activity ☐

INCOME OR EXPENSES - Complete Either Line 12 OR Line 13

12. Lobbying Firms

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☐

$10,000 or more ☑ ⇨ $ $180,000.00
Income (nearest $20,000)

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSES relating to lobbying activities for this reporting period were:

Less than $10,000 ☐

$10,000 or more ☐ ⇨ $ ________
Expenses (nearest $20,000)

14. REPORTING METHOD. Check box to indicate expense accounting method. See instructions for description of options.

☐ **Method A.** Reporting amounts using LDA definitions only

☐ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Signature ________ Date 7/25/05

Printed Name and Title Edward Stewart, Partner

LD-2 (REV. 4/03)

PAGE 1 of 3

Registrant Name Alexander Strategy Group Client Name Pharmaceutical Research & Manufacturers of America

LOBBYING ACTIVITY. *Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period.* **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code CSP (one per page)

16. Specific lobbying issues

Medicare
Medicaid
Prescription Drug Issues
Budget Process

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

House of Represenatatives
Senate

18. Name of each individual who acted as a lobbyist in this issue area

Name	Covered Official Position (if applicable)	New
Terry Allen		☐
Ed Buckham		☐
Tony Rudy,Dan Gans		☐
Allison Shulman		☑
John Powell		☑
Ed Stewart, Terry Haines		☐
Karl Gallant, Chris Bertelli		☐
Paul Behrends, Jim Hayes		☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Signature [signature] Date 7/25/05

Printed Name and Title Edward Stewart, Partner

Registrant Name Alexander Strategy Group Client Name Pharmaceutical Research & Manufacturers of America

Information Update Page - Complete ONLY where registration information has changed.

20. Client new address

21. Client new principal place of business (if different from line 20)

City State/Zip (or Country)

22. New general description of client's business or activites

LOBBYIST UPDATE

23. Name of each previously reported individual who is **no longer** expected to act as a lobbyist for the client

Jim Hayes and Chris Bertelli

ISSUE UPDATE

24. General lobbying issues previously reported that **no longer** pertain

AFFILIATED ORGANIZATIONS

25. Add the following affiliated organization(s)

Name	Address	Principal Place of Business (city and state or country)

26. Name of each previously reported organization that is **no longer** affiliated with the registrant or client

FOREIGN ENTITIES

27. Add the following foreign entities

Name	Address	Principal place of business (city and state or country)	Amount of contribution for lobbying activities	Ownership percentage in client

28. Name of each previously reported foreign entity that **no longer** owns, or controls, or is affiliated with the registrant, client or affiliated organization

Signature [signature] Date 7/25/05

Printed Name and Title Edward Stewart, Partner

Ms. SLAUGHTER. Mr. Speaker, we have heard a great deal from the Republican Party recently about its commitment to reforming the way the House does business.

Again today the Republicans have told us that they have learned from their mistakes, and they will never again allow special interests to distract them from doing the work of the American people.

Actions speak louder than words, and this budget bill before us today is proof that despite all the talk of reform nothing has changed with its leadership. This is a bill that cuts Medicare spending by $6.4 billion. It cuts child support enforcement by $1.5 billion. It cuts $343 million from foster care programs.

Last year, we knew what was behind this bill. It was tax cuts for the very rich. In order to offset the administration's unprecedented giveaway to the country's richest citizens, they are willing to cut the services to the neediest Americans. All of us, while we were home in January, heard from citizen after citizen, constituent after constituent, of the harm that this bill would do to them, begging us not to vote for it. Such an indefensible set of priorities is still the major reason why the majority gave us this bill again today, but this year things are even worse.

We are being asked to vote on a bill that more than ever before proves that the culture of corruption is alive and well in this Congress. At the behest of the drug and managed care industries, who met with the key legislators in closed, backdoor sessions, the Republican conferees have changed this legislation so that it will save these industries a total of $42 billion.

Now, how do they suggest that we pay for this new and improved giveaway to the corporate lobby? By increasing the co-payments and reducing health coverage for children, for seniors and for people with disabilities who rely on Medicaid.

This last year showed us the terrible consequences of poor leadership. We saw a national disaster turn into a national tragedy because of a failed government response. We saw self-interest run amok as top lawmakers violated the people's trust, and they were indicted and forced to step down in the wake of scandal. We saw our troops and the people of Iraq struggle heroically to lift not just the weight of a vicious insurgency, but also the burden of poor planning and unfulfilled promises from the White House.

Here again today, Republicans are acting to make the American people victims of unscrupulous, disingenuous leadership, while they talk of reform and change, and we cannot afford another year like the last one.

Remember, that as you cut the very life out of these programs, you are doing it to provide a tax cut for the richest Americans.

□ 1445

Every Member of this body needs to know the serious consequences of this vote today. A vote for this bill is a vote to literally take away health care from our children so we can give more money to the super-rich. A vote for this bill is a vote to weaken Medicare for our struggling seniors, who are having enough trouble with the so-called Medicare reform bill that we passed here and is giving everybody a fit trying to understand Medicare part D and that thousands are doing without their medication because of it.

It will also put college education farther out of the reach of our students, even though the President last night discussed that our competitiveness depends on what we are teaching our students today, so we can fund more tax-cut giveaways. Remember, that is what you are voting for.

A vote for this bill supports the culture of corruption, and also America can and must do better than this budget reconciliation and what this party is offering us today. I urge all of my colleagues to vote ''no'' on this bill and vote ''yes'' for a new day here in Washington.

Mr. Speaker, I reserve the balance of my time.

Mr. PUTNAM. Mr. Speaker, I am pleased to yield 5 minutes to the distinguished chairman of the Energy and Commerce Committee, Mr. BARTON.

(Mr. BARTON of Texas asked and was given permission to revise and extend his remarks.)

Mr. BARTON of Texas. Mr. Speaker, I rise today in support of H. Res. 653, a resolution that will concur in the Senate amendment to S. 1932, the Deficit Reduction Act of 2005. In passing this resolution, the House will make important reforms in telecommunications and Medicaid, which are under the jurisdiction of the Energy and Commerce Committee.

This resolution is necessary because when the other body took up the budget reform package, or the reconciliation package, they struck three items of the conference report that had a nonfinancial impact under what is called the Byrd Rule in the other body.

The three items are a report requiring value-based purchasing for the Health and Human Services Department to report to Congress on a date certain for a hospital or for a value-based purchasing program. That was the first thing struck.

The second thing struck was a MedPAC report which would have provided a Medicare Payment Advisory Commission report to Congress on that same hospital value-based purchasing program.

The third thing that was struck was a section that would have shielded from legal liability certain hospitals and physicians who enforce cost-sharing requirements for nonemergency care in emergency rooms absent a finding of gross negligence.

Those are the only three changes from the conference report that this body, the House of Representatives, passed by a six-vote margin before we recessed for the holidays. So, substantively, with those changes, the bill before us, if this resolution passes that brings the bill up for consideration, is identical.

With regard to the issues that are in the jurisdiction of the Energy and Commerce Committee, which I chair, the legislation would effectively put us in the Digital Age on February 17, 2009. America and television sets would go all digital on that day. The analog television signals that have come into our homes over the air since the birth of TVs since the 1940s, or maybe in some cases since the 1930s, would end; and we would have the new era finally before us.

In 2004, at my first DTV hearing since becoming chairman of the Energy and Commerce Committee, I announced that expediting the DTV transition would be a top priority. I also noted that the 85 percent loophole in the current law has delayed the consumer benefits of digital television, and it has prevented the clearing of very vital broadcast spectrum for critical public safety and wireless broadband uses.

The DTV legislation in the pending bill brings needed certainty that will allow consumers, broadcasters, cable and satellite operators, manufacturers, retailers, and the government to prepare for the end of the transition. It includes a strong consumer education measure. It helps ensure that all consumers have continued access to broadcast programming, regardless of whether they use analog or digital televisions or whether they watch television signals broadcast by a local station or subscribe to cable TV.

The package also includes necessary revisions to Medicaid. Medicaid is a victim of its own success. The program has grown so expensive that it is unsustainable in its current form. The Nation's Governors on both sides of the aisle understand the grim future of Medicaid without reform. They told us over and over in hearings before the Energy and Commerce Committee that Medicaid will bankrupt the States unless some reasonable reforms are enacted. These were Democrat Governors and Republican Governors. They told us what they needed done, and we attempted to do it.

The proposal that is embedded in the pending legislation contains commonsense reforms and will help fix some of the flaws in the current Medicaid program to ensure that it will continue to be the safety net that protects our Nation's most vulnerable citizens.

Some of these reforms include allowing States to charge some basic copays to higher-income beneficiaries, reducing Medicaid overpayments for drugs, and providing the States with the flexibility to tailor their benefit package to meet the specific health care needs of the beneficiaries. We would also make it more difficult to hide assets so that wealthy clients can pretend to be poor to qualify for long-term Medicaid coverage in nursing homes.

We were tasked in the budget resolution to reduce the growth of Federal spending in this program. Overall, the net savings over a 5-year period are a little over $4.5 billion. It is the right thing to do, regardless of the budget implication; but the budget implication is positive.

I recognize that some of my critics will say that even a modest reform will hurt the poor. I would submit to you that Medicaid in its current form is hurting the poor.

CLARIFYING THE TREATMENT OF DISTRIBUTOR SERVICE FEES UNDER THE NEW MEDICAID PHARMACY REIMBURSEMENT REFORMS

I want to clarify specifically how bona fide services fees, which are negotiated between a manufacturer and pharmaceutical distributor, should be treated under the new Medicaid pharmacy reimbursement metric. Manufacturers pay bona fide service fees for specific services provided by the distributor. Service fees are a relatively new business model to the pharmaceutical distribution industry and how they should be treated under federal reimbursement programs first came into question when the new Average Sales Price (ASP) metric under the Medicare Modernization Act was being recently implemented.

I am pleased to note that Congress specifically did not include service fees as a price concession to be incorporated into the calculation of ASP and CMS subsequently confirmed that, "Bona fide service fees that are paid by a manufacturer to an entity, that represent fair market value for bona-fide service provided by the entity, and are not passed on in whole or in part to a client or customer of the entity should not be included in the calculation of ASP."

The conferees did not intend to have bona fide services fees included in the calculation of the Medicaid Average Manufacturer Price (AMP) based reimbursement methodology as established in the pharmacy reimbursement provisions of the conference agreement.

CLARIFYING CHANGES TO MEDICAID THIRD PARTY LIABILITY STANDARD

The provision regarding the meaning of a new Medicaid third-party liability provision included in section 6036 of the conference agreement on S. 1932, the "Deficit Reduction Act of 2005" seeks to clarify the obligation of third parties that are legally responsible for payment of a claim for a health care item or service, and the requirements for third parties to provide states with coverage eligibility and claims data. Specifically, that section amends the list of third parties named in section 1902(a)(25) of the Social Security Act for which states must ascertain the legal liability to pay for medical care and services available under the state's Medicaid plan. The provision adds "pharmacy benefit managers" to this list, and introduces a new phrase "legally responsible for payment of a claim for a health care item or service".

Under current law, Medicaid is the payor of last resort. In general, federal law requires that available third parties must meet their legal obligation to pay claims before the Medicaid program pays for the care of an individual. The Conference Report amends the list of third parties named in Section 1902(a)(25) of the Social Security Act for which states must take all reasonable measures to ascertain the legal liability to include, among others, pharmacy benefits managers.

I would like to clarify that the addition of pharmacy benefit managers to the definition of liable third parties is in the instance when they are at risk for the underlying benefit, such as operating as a plan sponsor for purposes of providing health benefits or as a risk-bearing entity under the new Medicare Part D program as a stand-alone PDP. This addition is not meant to make pharmacy benefit managers liable when they are acting merely in an administrative capacity on behalf of a liable third party.

The intent is not to create an additional liability where none exists today. Pharmacy benefit managers may or may not be liable third parties. It is dependent upon whether they are ultimately responsible for the payment of a claim. It is my understanding that the health plan or employer contracting with the pharmacy benefit manager is ultimately at risk for the underlying claim, so it is my belief this will not create new liability for the pharmacy benefit manager. I understand that this same intention was addressed in a colloquy on the Senate side between Senator BOND and Senator GRASSLEY on December 21, 2005.

CLARIFYING MEDICAID'S COVERAGE FOR EPSDT SERVICES

There have recently been some public discussions about what benefits states would be required to provide for children under the benefit flexibility provisions contained in Section 6044 of the Deficit Reduction Act. Section 6044 specifies that states may provide flexible benefit packages, but only if such package provides, for any child under age 19, wrap around benefits packages that consist of "early and periodic screening, diagnostic, and treatment services defined in section 1905(r)."

This language reflects the clear legislative intent by both the House and Senate that all children should continue to receive access to coverage of early and periodic screening, diagnostic, and treatment services ("EPSDT") services. That was what Members agreed to and the language was drafted accordingly. In addition, this is exactly how the Congressional Budget Office ("CBO") scored this proposal. In the most recent score of S. 1932, CBO said that "states would be permitted to enroll children in a benchmark benefit plan but would be required to provide supplemental coverage of all other Medicaid benefits, including early and periodic screening, diagnostic, and treatment services."

In a statement released during the Senate debate on S. 1932, CMS Administrator Mark McClellan also indicated that CMS had determined that children under age 19 will still be entitled to receive EPSDT benefits if they are enrolled in benchmark or benchmark equivalent coverage. Further, Administrator McClellan said that in implementing section 6044, CMS would not approve any state plan amendment that does not include the provision of EPSDT services for children.

Congress clearly intended for all children under Medicaid to continue to receive EPSDT services and we will work with Administrator McClellan to ensure that all children will continue to receive access to these important services.

CLARIFYING MEDICAID'S NEW CO-PAYMENT POLICIES

In implementing the new premium and cost sharing provisions contained in section 6041, it was the intent of Congress that Medicaid populations below one hundred percent of the federal poverty level would be exempt from the general application of cost sharing and premiums. The only two exceptions to this rule were that these individuals could still be subject to minimal co-payments for non-preferred drugs and could be charged co-payments if they sought non-emergency services in an emergency room.

CLARIFYING INTENT ON MEDICARE ADVANTAGE BUDGET NEUTRALITY ADJUSTMENT

The phase out of the budget neutrality adjustment for Medicare Advantage plans under section 5301 of S. 1932, the Deficit Reduction Act and the joint statement which accompanied the Conference Report in the Senate requiring adjustments for differences in coding patterns is intended to include adjustments for coding that is inaccurate or incomplete for the purpose of establishing risk scores that are consistent across both fee-for-service and Medicare Advantage settings, even if such coding is accurate or complete for other purposes.

Ms. SLAUGHTER. Mr. Speaker, I am pleased to yield 3 minutes to the gentleman from South Carolina (Mr. SPRATT), the ranking member of the Budget Committee.

(Mr. SPRATT asked and was given permission to revise and extend his remarks.)

Mr. SPRATT. Mr. Speaker, it is easy to criticize the contents of this reconciliation bill because it hurts children, single-parent families, students struggling to finance their college education, and many others who are the most vulnerable among us. But I rise today to criticize the process because this a process known as reconciliation; and the purpose of reconciliation is that as you come to the end of a budget season, we use this to change mandatory spending and change revenues so that you reconcile the actual budget to what otherwise would occur.

Ordinarily in the past, reconciliation has led to deficit reduction. That is the purpose. That is the reason it is a priority process in the budget process. In the budget summit agreement of 1990, we saved $482 billion in budget reconciliation; in 1993, we saved $433 billion in reconciliation; in the balanced budget agreement of 1997, we saved $118 billion.

So what do we save today when you put together this spending-cut bill, $39 billion in reconciled spending cuts, with the tax bill that will follow it, the reconciliation tax bill? You add $17 billion to the deficit over that period of time. There is no deficit reduction.

Worse still, if you look back at all of the taxes we passed in this budget cycle this previous year leading up to fiscal year 2006, starting with the transportation bill and including the energy bill and including a 1-year patch, $31 billion, in the Alternative Minimum Tax, the total tax reduction comes to $122 billion. But let me remind you, I just included and we have just included, they just included in this tax bill, $31 billion, a 1-year fix in the AMT. If all of these taxes are reflected on a 5-year basis, there is an additional $167 billion to add to that.

Here is the bottom line. Here is what you are voting for today if you vote for this bill. If you look at it over a true 5-year time period and add up all of the taxes in addition to the reconciliation tax cuts that have been passed in this budget cycle, the addition to the deficit is $380 billion after deducting the $40 billion included in this reconciliation bill. That is the net effect on the deficit.

So anybody coming here to the well of the House or going to the voting machine to register his or vote thinking that this is going to reduce the deficit has another thought coming. This bill will increase the deficit, considering the tax cuts that have been passed this past year. It will leave us with a deficit increase of $280 billion over the next 5 years. That is why the process is a sham and that is reason enough to vote against the bill.

Mr. PUTNAM. Mr. Speaker, I yield 2 minutes to another gentleman from Florida (Mr. CRENSHAW), a distinguished member of the Committee on the Budget.

Mr. CRENSHAW. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I rise in strong support of this Deficit Reduction Act. It takes another giant step in trying to get our own financial house in order here in Congress, and that is what the American people want. They want us to control the way we spend their dollars.

We took a step when we cut taxes, as was pointed out just a minute ago. When you cut taxes across the board and you let people keep more of what they earn, well, guess what is happening? They get to decide whether to spend it, whether they want to save it, whether they want to invest it; and when that happens, the economy begins to grow.

We have had 2½ years of positive growth in the economy. What happened? The deficit has gone down because more money comes into the Treasury when the economy grows.

Then last year we took step two. We wrote a budget here in this House that actually reduced nondefense spending by one-half of one percent. That is the first time that has happened since Ronald Reagan was President, and that is another giant step in the right direction.

Here we are now, step three. We are looking at deficit reduction. And now we are looking at the areas in our budget that the appropriations process does not even impact. We are talking about the so-called mandatory spending, entitlement spending, the things that are on automatic pilot. That is where more than half of our money goes in this Congress.

So we are simply saying for the first time in 7 years, let's begin to get a handle on that. Let's control that part of the budget. Because everybody knows the government needs money to provide services. But what we are saying right now is we need reform. We need discipline to rein in spending. We need courage to make decisions that are difficult at times because we have to live like every American has to live, by setting priorities and tightening our belts.

Finally, this is an act that will bring commitment to make sure that every task of government is accomplished more efficiently and more effectively than it ever has been before. That is what this Deficit Reduction Act does, and I urge its passage.

Ms. SLAUGHTER. Mr. Speaker, I yield 3½ minutes to the gentleman from Maryland (Mr. HOYER), the minority whip.

Mr. HOYER. Mr. Speaker, I wish I had at least a half an hour to respond to my friend from Florida who just spoke.

We have run up $1.58 trillion of additional deficits in the last 60 months under your leadership. Last night, the President of the United States addressed the American people from this House Chamber. He demanded that we make his tax cuts permanent. Of course, he also urged new Federal spending, among other things for energy independence, a good objective; on education, math and science, a good objective; prevention and treatment for HIV/AIDS. All worthy endeavors of our great Nation.

But President Bush and this Republican Congress, which have had complete control of our Federal Government for 5 years, continue to refuse to answer the most basic, most obvious and most necessary question: How do we pay for these plans and proposals?

The plain truth is, they do not pay for them. The plain truth is, the President and this Republican Congress have pursued the most irresponsible fiscal policies in the history of our Nation, turning a projected $5.6 trillion surplus into a $4 trillion deficit today, a $9.6 trillion turnaround in 60 months.

Now President Bush and this Republican Congress want to enact tax cuts, even as we face record budget deficits and debt brought about by their policies, even as they prepare to ask for a $780 billion increase in the debt limit, the fourth time they have done so.

Today's budget bill is part and parcel of the Republican Party's free-lunch philosophy. Our Republican friends claim that they are going to cut $40 billion to ''restore fiscal discipline.'' Now, you inherited $5.6 trillion surplus. You followed an administration that had four budget surpluses in a row.

□ 1500

And you want to restore fiscal discipline to the extraordinary fiscal irresponsibility you have been pursuing for 5 years. A good objective, folks.

But the reality is they plan on cutting an additional $70 billion in taxes. Cut $40 billion in spending, cut $70 billion in taxes. You do not have to be much above the sixth grade to understand that is going to add to your deficit.

No, while the President called for increased funding for education last night, this Republican majority today wants to cut funds for students going to college. While the President recognized the need to make health insurance more affordable, this majority today intends to cut funding for Medicaid to the poorest of citizens.

Meanwhile, we now know that as the Republican budget axe fell on the poor and students, powerful special interests in the dark of night in the conference got $20 billion in cuts back, back. Half of all of the cuts they got back.

I urge my colleagues, vote against this irresponsible, mean-spirited, negative proposal, which is contrary to the interests of the American people and the product of Republican fiscal irresponsibility, and a pretense of support for priorities of education and health care, while at the same time cutting our investment in education of our children and the health of our people, and imposing upon our children and our grandchildren the extraordinary costs of our fiscal profligacy.

I would hope that a number of you would in fact be fiscally responsible and vote ''no'' on this bad package.

Mr. PUTNAM. Mr. Speaker, I yield 2 minutes to the senior member of the Budget Committee, the gentleman from Kansas (Mr. RYUN).

Mr. RYUN of Kansas. Mr. Speaker, recently the Congressional Budget Office released its economic and budget projections for the coming decade; and they reiterate what we already know, that is, that mandatory spending is growing at an unsustainable rate.

If we do not slow down the growth, we are going to have some very tough choices in the years to come and the days ahead, because the growth, by 2030, is expected to continue at 60 percent. At a time when the economy is strong and growing, we cannot forget the problems of mandatory spending programs, that they loom very large.

In his State of the Union address, President Bush warned that the retirement of baby boomers will present future Congresses with impossible choices. And these are the choices: staggering tax increases, immense deficit, or deep cuts in each category of spending.

Right now the House has a choice. We can either begin to address the growing entitlement by passing the Deficit Reduction Act, or we can continue to ignore the problem and leave those difficult choices for a future date.

By passing the Deficit Reduction Act today, the House is choosing to address that problem. The Deficit Reduction Act will begin the process of reform in mandatory spending and save the American taxpayers $40 billion over the next 5 years. The American people elected us to Congress to spend their dollars wisely. We cannot assert that doing our job as we have been allows those programs to grow without review.

The Medicare program, for example, has run on autopilot for almost 40 years without any review. The Deficit Reduction Act will make important changes to reform Medicaid and other important programs to ensure that we are being responsible stewards of taxpayers' dollars.

It is important that the House, as we begin 2006, that we show fiscal restraint. It is also important in the House that we unite behind the concept that bigger government is not better government. And it is also important in the House that we pass the Deficit Reduction Act.

Ms. SLAUGHTER. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan (Mr. DINGELL).

(Mr. DINGELL asked and was given permission to revise and extend his remarks.)

Mr. DINGELL. Mr. Speaker, my colleagues have recalled that there was no conference on this important legislation. Instead, my Republican colleagues met behind closed doors with a bevy of lobbyists for the health insurance companies and the pharmaceutical houses.

Democratic Members were entirely excluded from this. This is a product of special-interest lobbying, and the stench of special interest hangs over the Chamber as we consider it today.

The bill was brought to the floor in the dead of night; and a couple of hours later, the Members of this body voted on it without ever having seen it, or without a copy of it ever having been printed. The Congressional Budget Office now tells us what went on behind those closed doors in those secret meetings. Special interests and their lobbyists, who were well represented, won. Everybody else was excluded, and everybody else lost.

The conferees made important decisions on health care, because the House and the Senate took very different approaches to the issue. The Senate decided not to harm Medicaid beneficiaries, instead cutting overpayments to Medicare HMOs and reducing unjustified payments to drug companies.

Our Republican colleagues heard the concerns of these special interests and instead chose to raise costs and to cut services to working families, to the poor, the elderly, the disabled, and children covered by Medicaid.

Now, here are the specifics, and you can see them on this chart right here. The Senate cut $36 billion in overpayments to HMOs and Medicare. That included $26 billion in savings by more accurately calculating their payments.

The negotiators, without any help from anybody but the lobbyists, rewrote the provision to save just $4 billion, providing a $22 billion windfall to the HMOs.

The Senate also eliminated a $10 billion slush fund designed to induce HMOs to participate in the prescription drug program by overpayments. The Republican conferees dropped this provision, providing another $10 billion gift to HMOs, for a total of $32 billion.

Finally, the Senate included a provision designed to get the best prices for Medicaid by increasing rebates from drug companies for a nearly $10 billion saving. My good Republican colleagues dropped that provision too.

Instead, our colleagues on the Republican side went after the people who could not be represented in the room and who could not afford to have cuts. Through a combination of benefit reductions, increased copayments and premiums, along with rules making it harder for the elderly to gain access to nursing homes, they saved $25 billion. They sweated it out of the hides of the poor and the unfortunate.

According to the CBO, about 13 million Medicaid enrollees will pay more to see their doctor. CBO reports that 80 percent of the savings comes from the decreased use of services. Look at what they did. Vote against it. This is an outrage.

Mr. Speaker, my colleagues should recall there was no open conference on this important legislation. Instead my Republican colleagues met behind closed doors to negotiate an agreement among themselves and, apparently, lobbyist friends. It was brought to the floor in the dead of night, and a couple of hours later Members voted on it sight unseen.

The Congressional Budget Office (CBO) now confirms what went on behind those closed doors. Special interests and their lobbyists who were well represented won—everyone else was excluded and lost.

The conferees had very important decisions to make in health care because the House and Senate took very different approaches to the issue. The Senate elected not to harm Medicaid beneficiaries, instead cutting overpayments to Medicare HMOs and reducing payments to drug companies. Our House Republican colleagues instead chose to raise costs and cut services to working families, the poor, the elderly, the disabled, and children covered by Medicaid.

Here are the specifics: The Senate bill cut $36 billion in overpayments to the HMOs in Medicare. That included $26 billion in savings by more accurately calculating their payments. But the negotiators rewrote the provision to save just $4 billion, providing a $22 billion windfall to the HMOs.

The Senate bill also eliminated a $10 billion slush fund designed to entice HMOs to participate in the prescription drug program. The Republican conferees dropped this provision, providing another $10 billion gift to the HMOs for a total of $32 billion.

Finally, the Senate included a provision designed to get the best prices for Medicaid by increasing rebates from drug companies for a nearly $10 billion saving. That provision was dropped.

Instead our Republican colleagues went after the people who couldn't afford to be in that room—the Medicaid beneficiaries. Through a combination of benefit reductions, increased copayments and premiums, along with rules making it harder for the elderly to gain access to nursing homes, they saved $25 billion.

According to CBO, about 13 million Medicaid enrollees will pay more to see their doctor. CBO reports 80 percent of the savings from this provision will come from decreased use of services. So this bill will be adding to the rolls of the uninsured—contrary to the goal of expanding coverage touted by President Bush last night.

This bill is Exhibit A for special interests and lobbyists writing legislation behind closed doors at the expense of the ordinary citizen. Vote "no."

Mr. PUTNAM. Mr. Speaker, I yield 3 minutes to the gentleman from Georgia (Mr. DEAL).

Mr. DEAL of Georgia. Mr. Speaker, if we want to talk about who won and who lost, let us talk about who did win. It was not special interests. It was those who qualify under the Family Opportunity Act who for the first time for families with disabled children who may be up to 300 percent of poverty will now be able to receive services. That will be 115,000 children who are disabled that will gain Medicaid coverage by 2015, according to CBO.

The Home and Community Based Services, the estimate is that another 120,000 enrollees will be able to take advantage of this, getting services in their own home or in their community, rather than having to go to a nursing home.

With the program that is included of money following the person, instead of people having to go into a nursing home again, they will be able to have services in their own home; and it is estimated that another 100,000 people are going to qualify for that over the next 8- to 9-year period.

So those are some of the people who are certainly going to be benefited. Now let us talk about the program overall. Medicaid is a program that is out of control. Even with the reforms of slowing it down by three-tenths of 1 percent over the next 5 years, it is still going to grow at an estimated 7 percent growth rate; and over the next 10 years, we are going to be spending in State and Federal money $5.2 trillion.

Let us talk about some of the claims that have been made during the time we have been in recess that are without substance and fact. One is with regard to copays. The Governors told us they wanted to be able to put some personal responsibility back into the program and that copays were one way to do it. But we wanted to make sure that we did not hurt the most vulnerable.

As a result, there are no enforceable copays to be charged to beneficiaries and families with incomes below the Federal poverty level. In addition, copays cannot be charged to a select group of individuals in these big categories: mandatory children, individuals receiving adoption and foster care assistance, preventive care and immunizations, pregnancy-related services, hospice residents, institutional spend-down populations, emergency services, family planning services, women who qualify for Medicaid under the breast and cervical cancer eligibility.

Also one of the claims is that we would do away with the early screening of children. It is specifically included in the plan that these children must be included in the so-called ESPDT program regardless of whether the State elects to provide services in an optional format or otherwise.

One of the other areas is with regard to the reforms we have made in asset transfers, the so-called ''millionaires on Medicaid.'' Yes, we have tightened the rules, as we should do. But we have specifically made sure that anyone who is in a legitimate hardship area will have an exclusion, and States are required to provide a review process to make sure that that happens.

So we believe overall that the reforms are needed. There are the kinds of reforms that the Governors have asked us to make so that we can keep the program solvent; otherwise, as the Governors' national representatives on a unanimous basis told us in the committee, if we do not, Medicaid over the long haul will be unsustainable.

So therefore I urge you to adopt the provisions that are included in this bill.

Ms. SLAUGHTER. Mr. Speaker I yield 3 minutes to the gentleman from California (Mr. GEORGE MILLER).

(Mr. GEORGE MILLER of California asked and was given permission to revise and extend his remarks.)

Mr. GEORGE MILLER of California. Mr. Speaker, Members of the House, last night the President stood before this Nation and said that it was important that we educate new math and science teachers and that we bring new people to the math and science fields and that America's students start to study math and science and engineering so that America can remain competitive in the world.

Today, we vote to make student loans far more expensive for those students who take up the President's challenge. We make it more expensive for those students, and we make it more expensive for their parents. Of the $12 billion, the $12 billion, the largest cuts in the history of the student loan program that this legislation takes out of the budget, almost 70 percent of those savings are generated by increasing, by continuing the practice of forcing students and parent borrowers to pay excessive interest rates, and in many cases by raising the interest rates on the parents who then borrow additional money to finance their children's higher education.

Many Members are standing up on the Republican side of the aisle and talking about the courage that they have to make these cuts. What is the courage, what is the judgment, what is the morality of making it more difficult for young people to achieve a higher education, to achieve an advanced degree, to participate to the fullest extent of their talents in the American economy, and to participate in the quest that the President had asked for, to make our economy more innovative, more competitive in a globalized world?

I do not understand it. I do not understand the message of the President saying we want more of your children to get more higher education, and then the budget cuts today that say we are going to make it $12 billion more expensive for these children to do this.

We are going to increase the fees on parents that go into debt, on students who go into debt. Most of those students are working at jobs while they are trying to get that education. But that is what happens in this legislation today.

Either the President has it right and you have it wrong, or the President was not telling us the truth about what he truly wanted to do on behalf of increasing math and science education, and advanced degrees in math, science and engineering. And yet we understand the imperative of this being done, because of the competition that we face from China, India, North Korea, Japan, and other nations of the world who now are graduating 300,000 engineers in China and the same in India, and we are graduating 70,000.

Do we understand the imperative nature of getting these degrees done? Apparently not. Because we are going to make it more expensive with this legislation. Actually, you are going to make it more expensive, because I am not voting for this bill, because I understand what parents and students go through to try to figure out how to finance that education, and how they sit around the kitchen table and figure out the sacrifices that they can make.

The better idea that the Republicans have is that they are going to make it more expensive for students to go to college, an idea that we ought to reject; and I would hope that others on the Republican side of the aisle would reject this very bad idea.

□ 1515

It is an idea that we ought to reject, and I would hope that others on the Republican side of the aisle would reject this very bad idea.

Mr. PUTNAM. Mr. Speaker, I am pleased to yield 2 minutes to the gentleman from Texas (Mr. HENSARLING), who also serves on the Budget Committee.

Mr. HENSARLING. Mr. Speaker, yet again we consider this historic piece of legislation, and it is historic because today we can begin the process of reforming out-of-control government spending. What happens if we listen to our Democrat friends who tell us we should fail to act?

Retiring Federal Reserve Chairman Alan Greenspan has said, ''As a Nation, we may have already made promises to coming generations of retirees that we will be unable to fulfill.'' That is the Democrat plan.

The Brookings Institution has said expected growth on entitlement programs along with projected increases in interest on the debt and defense will absorb all of the government's currently projected revenues within 8 years, leaving nothing for any other program. No more veterans programs, no more Federal student loans, no more low-income housing programs. That is the Democrat plan.

The General Accountability Office has said that without reforms that we are going to have to double taxes on the next generation just to balance the budget. That is the Democrat plan.

Mr. Speaker, during this debate we are hearing a lot about budget cuts. Everybody is entitled to their own opinion, but they are not entitled to their own facts.

I looked up ''cut'' in the dictionary. It means to reduce. Yet, under this modest set of reforms, we see that Federal spending will grow at 4.3 percent a year. What we call entitlement spending will grow 6.3 percent a year. Medicaid will grow 7.5 percent a year. TANF and other welfare programs will grow at 8.5 percent a year, and the list goes on and on and on.

What we will cut if we do not pass this legislation is the family budget. It will be cut by $40 billion. That is $40 billion that could help nearly 2 million families to make a down payment on a new home. $40 billion could help almost 1 million families put a child through college. We need to realize that every time we increase the Federal budget we are cutting the family budget. Democrats want to cut the family budget, double taxes on our children and call that compassion.

We need to adopt this rule.

Ms. SLAUGHTER. Mr. Speaker, I am pleased to yield 2 minutes to the gentlewoman from Connecticut (Ms. DELAURO).

Ms. DELAURO. Mr. Speaker, it seems the House has voted on this legislation countless times, and people may be wondering what has changed about this conference report since the House passed this bill at 6:00 in the morning late last year.

This is it. Here is what has changed. This is a Washington Post article: Closed door deal makes $22 billion difference. The Washington Post reported last week the Republican leadership met with lobbyists behind closed doors to restore a $22 billion slush fund for HMOs, a slush fund that the Senate had the decency to drop from this legislation. As one health care lobbyist said, ''$22 billion is a lot of money.''

But instead of foregoing this latest example of corporate welfare, Republicans have instead put these cuts on the backs of those who cannot afford lobbyists. These include poor children and working families who will face new costs and higher premiums, reducing care for 1.6 million Americans and kicking over 65,000 Americans, mostly whom have kids, off of Medicaid. Others who will be off of Medicaid are working but do not receive health care through their employer. This, less than 24 hours after the President's call to expand health care in his State of the Union address.

$22 billion is a lot of money, enough to restore the $12.7 billion in student loan assistance cut from this legislation, the $1.5 billion of cuts to child and foster care support, and the $7 billion of cuts in health care for families.

Some may look at this brazen example of cronyism at its worst, at all the indictments and plea bargains we have seen, and say, well, that is just the way Washington works. That is how Washington operates today under Republican leadership and a Republican administration.

But that is not the way that it ought to work. Regardless of which party is in power, the people's business ought never to be made and done behind closed doors, much less critical budget decisions that can mean life and death for some families.

The American people deserve better from this body. It is time we gave them a reason to expect better.

PARLIAMENTARY INQUIRY

Mr. FORD. Mr. Speaker, parliamentary inquiry.

The SPEAKER pro tempore (Mr. SIMPSON). The gentleman may inquire.

Mr. FORD. Mr. Speaker, I have heard all the debate and I am curious. To my friend Mr. PUTNAM, the President just left Nashville, and out of curiosity does the President know that you all are introducing this after what he said last night?

The SPEAKER pro tempore. The gentleman has not stated a proper parliamentary inquiry.

Mr. PUTNAM. Mr. Speaker, I yield myself such time as I may consume.

I would like to correct the gentlewoman from Connecticut with regards to the Washington Post article. As is common in this media culture of get-it-fast instead of get-it-right, there was no lobby fix.

The Deficit Reduction Act establishes a timeline for phasing out overpayments to Medicare advantage plans. The Secretary of HHS had already proposed correcting those payment levels but had not set a timeline. Until the Secretary acts, Medicare is currently paying too much to those Medicare advantage plans, and the Deficit Reduction Act sets the timeline for the Secretary to fix it.

The simple explanation for the $22 billion reduction in CBO score is that the Deficit Reduction Act assumes that once the payment system is fixed over the next 5 years the Secretary will have the good sense to keep paying them at the proper level.

So it is incorrect to say that there was a $22 billion giveaway. CBO's estimate assumes that the Secretary will revert to overpaying those same people.

Mr. Speaker, I am pleased to yield 2 minutes to my good friend from Indiana (Mr. PENCE).

(Mr. PENCE asked and was given permission to revise and extend his remarks.)

Mr. PENCE. Mr. Speaker, I thank the gentleman for yielding me the time.

I rise in strong support of the rule and of the Deficit Reduction Act. It is an important first step toward restoring public confidence in the fiscal integrity of our national government.

2005 will be remembered as a year of good intentions, bad disasters and promises kept. Congress early last year adopted the toughest budget since the Reagan years and, under the leadership of the Appropriations Committee, reported one bill after another on time and on budget.

And then came Katrina, 90,000 square miles of our gulf coast destroyed and $60 billion appropriated in just 6 days. After the storm, many here in Congress thought that fiscal discipline was the last thing that Congress should be thinking about, preferring to raise taxes or increase the national debt instead of making tough choices, but not this majority.

Seeing that a catastrophe of nature could become a catastrophe of debt, dozens of House conservatives challenged our colleagues to offset the cost of Hurricane Katrina with budget cuts, and I will always believe that that effort sparked a national debate that led to this moment.

The American people wanted Washington to pay for Katrina with budget cuts, and Washington got the message. In direct response to the call for cuts, Speaker Dennis Hastert unveiled a bold plan which we consider today to find cuts from every area of the Federal Government, and the Hastert plan, with nearly $40 billion in entitlement savings, becomes a reality.

So, Mr. Speaker, for Americans troubled by a rising tide of red ink here in Washington, D.C., 2006 begins with reason for optimism, as this Congress demonstrates the ability to make touch choices in tough times to put our fiscal house in order.

I urge all my colleagues to support the Deficit Reduction Act.

Ms. SLAUGHTER. Mr. Speaker, I yield 2 minutes to the gentlewoman from California (Ms. SOLIS).

Ms. SOLIS. Mr. Speaker, today I rise in strong opposition to this misguided and irresponsible bill.

Just last night President Bush spoke about working together to build prosperity for our country, but this legislation pays for the prosperity of the richest, the wealthiest in our society while cutting vital services to very needy individuals.

Since President Bush has been in office, the number of Americans in this country living in poverty has grown by 6 million people. In total, 13 million children, including 4.7 million children under the age of six, now live in poverty because of this administration.

Health care costs have risen by 60 percent, and the number of uninsured keeps skyrocketing. More than 13 million Latinos alone continue to be uninsured.

The cost of college education increased by 40 percent because of this administration's misguided approach, forcing typical students to borrow $17,000 in Federal loans and leaving almost 40 percent of student borrowers in unmanageable debt.

Yet this bill cuts another $40 billion in vital programs, Medicaid, Medicare, student loans, and protects more than $70 billion in tax breaks for the wealthy. These programs are critical, not just to low-income people but to the working class Americans of this country.

The reality is that this legislation will do very little to reduce the budget. It will do nothing to help the most vulnerable in our society, and it will do nothing but continue on the wrong path, down the wrong road. Working men and women and children will continue to fall, and our senior citizens will also be caught up in that net.

The bill is not compassionate, it is not decent, and I do not support this legislation. I urge my colleagues to please protect the health and well-being of our citizens and to oppose this legislation.

Mr. PUTNAM. Mr. Speaker, I am pleased to yield 2 minutes to the gentleman from California (Mr. ROYCE).

Mr. ROYCE. Mr. Speaker, I thank the gentleman for the time.

For those of us that are deficit hawks and have pushed this bill to cut spending by $40 billion, I think it is important to recognize that between 1995 and 2005, we have seen spending swell on the part of the Federal Government from $1.5 trillion to $2.5 trillion. We have seen it go up $1 trillion in 10 years, and we could cooperate I guess to push it up another trillion, but let me explain my concerns with the national debt that is past $8 trillion and a deficit that is projected to hit $337 billion.

If we fail to confront this challenge of ever higher spending, crowding out the private sector, then the coming decades will be very difficult. Our standard of living will decline, and we will become a much more vulnerable country. This Deficit Reduction Act, this $40 billion, is a good start.

I think that we recognize that Americans, if they ran their personal finances the way the Federal Government has been run, we would be close to bankruptcy. I think Americans recognize it is time for belt tightening, and I think they know that an attempt to just keep increasing the public sphere at the expense of the private sphere and increasing taxes as a result is not the answer.

We need fiscal restraint. We need common sense when it comes to the budget. The future of all Americans depends on an economy free of crippling deficits, free of crippling tax hikes and free of a skyrocketing national debt.

It is incumbent on all of us that we step up to the plate and take responsibility for the Nation's future and that immediate future holds frankly a massive cost that I think all of us know is before us because we have a generation of baby boomers that are set to retire. If we are to ensure the long-term solvency of Medicare and Social Security then we must ensure not only that the budget is balanced but that we begin to pay down our enormous national debt.

Ms. SLAUGHTER. Mr. Speaker, I yield 2 minutes to the gentleman from Alabama (Mr. DAVIS).

Mr. DAVIS of Alabama. Mr. Speaker, a number of us believe that there is no finer orator in the House than my friend from Indiana who runs the Republican Study Committee. I wish he were still here because I was struck by some words he used.

He said that this was the toughest budget since Reagan. He said that we were in very tough times and this budget was laden with tough choices.

Where my good friend and my very eloquent friend from Indiana was mistaken is who are we tough on. If this was truly the toughest budget in 20 years, if it had sacrifice all across the board, there would be support for it from the more conservative Members on this side of the aisle. If this were truly a budget that made tough choices and directed those choices at all of our people and not some of our people, there would be significant support for it from the conservative side of this aisle.

□ 1530

There is a reason why there is not. Because it is not tough on everybody.

The average person, Mr. Speaker, earning over $1 million a year, the people who will benefit so handsomely from the President's tax cuts, will get a tax cut this April 15 of $103,000. You could lower that number to $90,000, Mr. Speaker, and recoup every single Medicaid cut that is made.

And I am sure my friends on the other side will say, well, yes, we need to cut Medicaid. Understand who goes on Medicaid. It is not the people who are sitting in this Chamber or our families. It is people who are crushed at the poverty line or near the poverty line. They are the ones whose wages have been frozen. This budget would make them, 13 million of them, pay more than they do today for the cost of Medicare. And it is projected it would put 60,000 of them off the Medicaid rolls all together.

The one word we have not heard in this debate, and it ought to inform it, is not just the word ''tough'' but the word ''fair.''

Mr. PUTNAM. Mr. Speaker, may I inquire as to the time remaining on each side.

The SPEAKER pro tempore (Mr. SIMPSON). The gentleman from Florida (Mr. PUTNAM) has 8½ minutes remaining and the gentlewoman from New York (Ms. SLAUGHTER) has 7½ minutes remaining.

Mr. PUTNAM. Mr. Speaker, I reserve the balance of my time.

Ms. SLAUGHTER. Mr. Speaker, I am pleased to yield 2½ minutes to the gentleman from Illinois (Mr. EMANUEL).

Mr. EMANUEL. Mr. Speaker, last night the President said that in order to keep America competitive, we need to invest in America. So what is the first thing the Republican Congress does? It cuts $12.5 billion from college assistance for kids who are trying to go to college. It is a fascinating way to invest in America's competitiveness and the future. I wonder why nobody else has thought of that.

This is the Republican Congress where the rhetoric of the President last night meets the Republican reality. We kept $14.5 billion in subsidies to big oil and big gas companies, $22 billion in subsidies to the HMO slush fund, and $49 billion for the pharmaceutical industry, all the while we cut $12.5 billion from children trying to go to college, $8 billion from child support collection, and $16 billion from Medicaid.

We increased copayments and premiums leaving thousands of children without children's health care; but we kept in place the subsidies to big oil, big energy companies and big health care interests. What has happened in America?

We have seen a 38 percent increase in college costs in the last 5 years under the Republican watch, and you guys cut $12.7 billion from kids going to college in assistance. We have seen a 78 percent increase in the cost of energy; yet you subsidize Big Oil with $14 billion in taxpayer subsidies. We have seen a 58 percent increase in health care premiums, $3,600 to the average family in America. So what do you do? You cut 6 million children from health care and give the HMOs a $22 billion additional hit for their slush fund and give pharmaceutical companies everything they need.

This budget maintains the status quo. It says of the last 6 years, if you like the economy you have, if you like the investments you have, we will give you two more years to sign on for that.

It is time for a change. It is time for a new direction. It is time to put the American people first by investing in their education, their health care, and child support collection. It is not just the poor that are being affected. This budget and these cuts affect the middle class.

As my colleague from Alabama said, we have heard the word toughness, but we have not heard the word fairness from you. It is not every American in the boat. This is a narrow budget that divides America, rather than unites America.

While Americans are struggling with wages and incomes that have been stagnant for 5 years, with rising health care costs, rising college costs, and rising energy costs, you guys cut children on college assistance, nutrition, health care, and child support. When it comes to women and children, you give a whole new meaning to women and children first. It is time to put the American people first and to set new priorities and change the direction.

Ms. SLAUGHTER. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio (Mr. RYAN).

Mr. RYAN of Ohio. Mr. Speaker, I thank the gentlewoman for yielding me this time.

This is kind of funny. It keeps happening. Any time we are having this debate, we hear words or phrases like ''fiscal integrity'' and how we are making these cuts because we are going to ''balance the budget.'' No one is balancing any budget here. Who are we kidding? We are borrowing the money, billion upon billion upon billion, from the Chinese to fund tax cuts that are going primarily to the top 1 percent of the people.

You are making cuts that are hurting middle-class and poor kids. That is the fact. I am not making this up. But if we try to talk about cutting the energy subsidies or cutting the subsidies to the HMOs or asking simple things like having the Secretary of Health and Human Services negotiate the drug prices on behalf of the Medicare recipients, or asking for reimportation for drugs coming in from Canada to help lower the price, we cannot even hear a word from the Republican majority on these issues.

I had a meeting the other day with a school board member from Youngstown city schools. And I asked him, I said, how many kids live in poverty in this school district? He said, 90 percent. Ninety percent of the kids that go to school in Youngstown city schools live in poverty. And I asked him how many qualify for free and reduced lunch, to maybe get another number. He said, we don't even hand out the form any more because it costs us more to administer the form and the program than to just give it to everybody.

Ninety percent of the kids in Youngstown and you are cutting $12 billion from giving these kids an opportunity to go to college? No Child Left Behind is underfunded in Ohio $1.5 billion a year, just in Ohio alone, while some of these other countries are graduating much higher percentages of kids in math and science.

Let us wake up. We need these kids on the field competing in a global economy, and you will not get them there by cutting education and cutting health care. You want to compete with China? You want to compete with India? Fund these programs.

We are not saying you don't need to change some things, and we are willing to work with you to do it, but for God's sake don't cut programs to kids living in poverty and middle-class kids. You are cutting their health care, you are cutting their education, and you are giving tax breaks to rich people. Period, dot.

Mr. PUTNAM. Mr. Speaker, I continue to reserve the balance of my time.

Ms. SLAUGHTER. Mr. Speaker, I yield 1½ minutes to the gentleman from Tennessee (Mr. FORD).

Mr. FORD. Mr. Speaker, I thank the gentlewoman for yielding me this time, and I want to first of all congratulate TIM RYAN, because I think he framed this debate as clearly as he should, and as clearly as it has been today, along with both ARTUR DAVIS and RAHM EMANUEL.

Mr. Speaker, I will yield to Mr. DAVIS to finish his point, but before doing that, the only point I wanted to make is that I thought I heard the President say all these things last night about making investments to make the country more competitive. And I just don't know if he knows you all are doing this today. Maybe we should call him and let him know. I am going to send him something, along with ARTUR and RAHM and TIM, to let him know what we have done, and maybe he won't sign this if and when it arrives on his desk.

I want to clarify something my colleague, ARTUR DAVIS from Alabama, said. He said if we cut the tax cut that will go to millionaires this year, it is an average of $103,000. So if you earn $1 million and you are watching, listen closely. If not, it doesn't affect you. You get a $103,000 tax break if you are a millionaire. If we cut it to $90,000, what can you do?

Mr. DAVIS of Alabama. Mr. Speaker, will the gentleman yield?

Mr. FORD. I yield to the gentleman from Alabama.

Mr. DAVIS of Alabama. Mr. Speaker, I thank my colleague for yielding to me. That cut was from $103,000 to $90,000.

Mr. FORD. And that is still a tax cut; is that right?

Mr. DAVIS of Alabama. It is still a tax cut, and it would yield approximately $2.6 billion, enough to recoup the Medicaid cuts.

And I make that point, Mr. FORD, simply because last night we heard the President tell us that we are all bound together in this long twilight struggle against terrorists around the world. And if we are all bound together to face terrorists around the world, it is very interesting that a day later we sever a lot of those bonds when it comes to whether we care about education or whether we care about health care.

The President had it right last night. Either we are connected to each other or we are not. And that is where this budget is so wrong.

Mr. FORD. So, Mr. Speaker, so if millionaires took a $65,000 tax cut as opposed to a $103,000 tax cut, we could pay for the student loan program.

Mr. PUTNAM. Mr. Speaker, both of the gentlemen are very eloquent, except they miss the overall point, which is that we are debating the technical amendments to what the House passed long before the President's State of the Union speech.

The three changes that were made by the Senate, that we are dealing with today and that are different than what we have already voted on as a body, deal with a value-based purchasing report, a MedPAC report, MedPAC being the Medicare Payment Advisory Commission, and medical liability. Three items that, for technical rule reasons in the Senate, were stripped, causing the bill to be sent back over here.

The timing of this, situated as it is the day after the President's State of the Union, is irrelevant to the overall issue. We have already voted on this except for these three changes.

Mr. Speaker, I reserve the balance of my time.

Ms. SLAUGHTER. Mr. Speaker, I yield 20 seconds to the gentleman from Tennessee (Mr. FORD).

Mr. FORD. Mr. Speaker, just for the gentleman from Florida, you are saying that these cuts that are being talked about today are imaginary, or are they real? And I would be happy to yield to the gentleman. Are they imaginary cuts or real cuts? Maybe we have got the wrong bill.

Mr. PUTNAM. Mr. Speaker, will the gentleman yield?

Mr. FORD. I yield to the gentleman from Florida.

Mr. PUTNAM. Under your definition, sir, people continue to get more money year after year after year and it is a cut. Under your definition.

Mr. FORD. Reclaiming my time, Mr. Speaker, I love Mr. PUTNAM, but he knows he is wrong.

Mr. Speaker, we are making cuts. The President asked us to make investments. That is the reality of what we are doing here this afternoon.

Ms. SLAUGHTER. Mr. Speaker, may I inquire how much time remains on my side.

The SPEAKER pro tempore. The gentlewoman from New York has 1 minute and 10 seconds remaining.

Ms. SLAUGHTER. Mr. Speaker, I yield 10 seconds to the gentleman from Alabama (Mr. DAVIS).

Mr. DAVIS of Alabama. In 10 seconds, for the 13 million families who will have to pay more money for health care, that is a cut. Because that is less money they can use on food that now they are having to use on health care. And these are the poorest people in our country, Mr. PUTNAM.

Mr. PUTNAM. Mr. Speaker, I am pleased to yield such time as he may consume to the gentleman from Iowa (Mr. NUSSLE), the distinguished chairman of the Budget Committee.

Mr. NUSSLE. Mr. Speaker, I thank the gentleman for yielding me this time.

It is interesting to listen to my colleagues who talk about the President's suggesting we invest in America and somehow they heard government only invest in America. Isn't that interesting?

I can tell you that my folks that I represent in Iowa, when they hear invest in America or invest in Iowa or invest in your community, they think that means them. They think that means Americans investing in America.

Unfortunately, we actually have people, ladies and gentlemen, who believe that when somebody says invest in America, what that means is take money from Americans, take it to Washington, invent fancy programs, fill fancy white buildings full of bureaucrats, create all sorts of bureaucracy and red tape and paperwork, and have those bureaucrats, with our blessing, invest in America.

Now, I do not know about you, but I heard it a little differently last night. The President and I, and those of us who agree with the plan that we have adopted this year, believe in and trust that people make better decisions about their daily lives and the investment in their businesses and their families and their communities much better than the government can for them.

We have a plan. That plan calls for growing the economy by letting people make those decisions with their money. We talk about money out here all the time as if it is our money. It is not our money. Ladies and gentlemen, this is the taxpayers' money. They are the ones who earn it. They are the ones who sweat for it. They are the ones who are concerning themselves every day about ensuring that they can support themselves, let alone being able to send a little bit of it out here.

And the reason why we believe, and it has worked, that we believe that reducing taxes actually helps us grow the pie is because the facts are in. In the last 17 quarters, as a result of us reducing taxes, our economy has grown.

We have heard people come out here today to say when you cut taxes it means the government is going to have less money. It is exactly the opposite. I think we need some of the President's science and math education for maybe even some of us. Because every time in our history that we have reduced taxes, the math shows us that the economy grows and actually more revenue comes into the Treasury. Last year was the largest increase in revenue to our Treasury, in a year when we reduced taxes. Now, you cannot explain that unless you understand basic economics.

Our plan calls for growing the economy and reducing spending, and that is exactly what we did this last year. We held the line on nondefense, nonhomeland security spending because we wanted to protect our country, but we knew we had to reform spending in the discretionary accounts.

□ 1545

Mr. Speaker, today marks the opportunity to close the books on this process, reform government spending.

Let me remind you what kind of government we have got. In so many instances, we have what I believe is an ineffective Katrina bureaucracy. We saw a little bit of that down in the gulf coast, but what we all know is that same Katrina mentality and bureaucracy permeates so much of our bureaucracy here in Washington. Unless we constantly are vigilant about ensuring that we reform government at all levels, we are never going to get our arms around fiscal discipline and fiscal responsibility.

Finally, this achieves savings, not cuts, not gouging people. My goodness, the kind of rhetoric you hear out here. We are trying to make a modest reduction, giving people at the local level, our Govenors and our authorities at the State level some flexibility so they can deliver a much better product for the people that we care about and are concerned about. These programs need our reform. You cannot assume because you have always done it one way, just continuing it without this kind of oversight and reform will continue to get good results.

These programs have gotten good results in many instances, but too many of them are not achieving the results we need. We need those results. We can achieve savings. We have a plan to accomplish it. It allows us to do so by growing the economy, and I believe it is a fiscal plan that will continue to get us the success that we have seen.

In the last 2 years, we have experienced $200 billion of deficit reduction as a result of this plan. I have no doubt we will hear from one more speaker that will second guess everything that we have done, and I will remind that speaker that the President last night, while they love to quote him about everything else, also said second guessing is not a plan, is not a strategy. If you have got a plan, if you have a strategy, we would love to see it. But thus far we have not seen it. We have a plan. It is working. We need to adopt it today, and we need to get about the business of reforming this government, achieving savings and ensuring that the taxpayers are supported in this body.

Mr. PUTNAM. Mr. Speaker, I reserve the balance of my time.

Ms. SLAUGHTER. Mr. Speaker, I yield the balance of my time to the gentlewoman from California (Ms. PELOSI), the distinguished minority leader.

Ms. PELOSI. Mr. Speaker, I thank the distinguished ranking member on the Rules Committee for her leadership in fighting the fight for a budget that is a reflection of the values and priorities of the American people and her leadership in opposition to what the religious community has called this immoral Republican budget.

Mr. Speaker, yesterday and later today we will continue the debate on a resolution honoring and celebrating the life and service and leadership of Coretta Scott King.

One of the stories I like best about the Kings is in the 1950s they traveled to India to learn more about nonviolence, the nonviolence practiced by Mahatma Gandhi, and they brought that back to America and it was a major part of the civil rights movement.

Why I mention it today is because in Sanskrit the name for nonviolence is also translated ''truth insistence.'' Wasn't that what the civil rights movement was about, the insistence on truth in our country? Truth insistence is exactly what is required when we talk about the Republican budget.

Last night in the State of the Union address we heard a great deal of rhetoric about investments the President was going to make in education, research and development, and you name it. But that rhetoric is a far cry from the reality of the budget that the Republicans are bringing to this floor today, which not only does not make those investments in the manner described by the President, it indeed cuts them.

Last night in the State of the Union address the President talked about the importance of educating our children to help keep America competitive. But this budget today tells a different story. The truth is the budget follows the track record of woefully underfunding No Child Left Behind. It increases the cost of student loans to America's families who are struggling to send their children to college. How can that help make America more competitive?

Every time we invest in education, we bring more revenue into the Treasury than any other initiative you can name. No tax cut, no tax credit, no anything, nothing brings more to the Treasury of the Government than investing in the education of our people. So these were not only wrong cuts in terms of competitiveness, they also increase the deficit.

Last night the President said in his State of the Union address, ''A hopeful society gives special attention to children.'' Now I would like to know what kind of attention that the President is giving to the children because the truth is this budget today slashes funding to help care for America's poorest children. It drastically cuts funding for the initiative that enforces the payment of child support. Others have talked about nutrition, and of course good nutrition has a direct impact on the education of these children.

The truth is that this budget is an exact contradiction of the rhetoric that the President presented last night.

Now let us look at the title of it. It is called the Budget Reconciliation Spending Cuts Act. Yet the truth is the policies in this budget will increase the deficit by $300 billion, heaping mountains of debt on our children, and the sad truth is all of this to pay for a tax cut for the wealthiest people in our country.

Republicans will try to say to defend these measures, as evidence of their so-called fiscal responsibility, that this is about small government. But the fact is, the truth is, that this is not about small government, this is about small-minded, petty government that does not meet the needs of the American people.

Republicans will try to defend these measures again by calling for fiscal responsibility, and I would like to talk about the $42 billion difference. It has been widely reported that this bill had a chance, there was an opportunity to reduce excessive Medicare payments that the Federal Government makes to big business HMOs because of a loophole in the law. There was bipartisan agreement that this would take place. But in a closed-door meeting the Republicans eliminated that, and they gave a $22 billion bonanza to the HMOs, and this at the expense of America's children and those in need.

We also were going to get better drug prices for Medicaid, and this relates to the children, from drug manufacturers and eliminate a Medicare slush fund for managed care. By doing those two things, we were going to save the taxpayers another $20 billion. So it was a $42 billion difference in this budget, at the expense of children and seniors to the benefit of the industries to whom the Republicans in Congress are handmaidens.

In the conference committee, without a single Democrat in the room because Democrats were not allowed in the room, this $42 billion worth of savings disappeared from the budget. The $42 billion difference, that is the difference between a closed and corrupt Congress and an open and honest Congress.

Since Democrats did not get a seat at the table in the writing of this bill, who did? America's low-income children did not get a seat at the table, and they are paying the price in their education, their health care and child support.

America's seniors did not get a seat at the table because the bill makes it harder for seniors to qualify for long-term care, and even forces some to forfeit their homes in order to pay for long-term care.

The truth is the drug manufacturers, managed care companies and HMOs clearly get a seat. They came up the big winners with the special interest driven Medicare prescription drug bill that was foisted on America's seniors, and they came up big winners in this budget bill. It would be nice if America's children and seniors had a seat at the table instead of big business.

My colleagues, the truth is that, as our friends in the religious community, almost every religious denomination in the country, has been lobbying against this legislation. They call it a budget deprived of spiritual hope and of nourishing resources. That is the truth about the Republican budget and the Democrats insist that the public know it. I am very proud that we will have 100 percent of our Democratic Members voting ''no'' on this immoral budget.

Mr. PUTNAM. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, once again the other side is trying to have it both ways. In alternating speaker form, we are in turn told we are awash in a sea of red ink and that this measure is not adequate to deal with the deficit, and then the next speaker says we have consistently underbudgeted for the Nation's priorities and have not spent anywhere nearly enough money for all of the things that they would like to see spent.

Their metaphors are as limitless as their desire to spend the hardworking Americans' money in the sense we have heard that we are going to throw away Tiny Tim's crutches when we did this at the end of last year, we were told that we were the Grinch, and we were quoted to extensively from literary and historic figures, and the bottom line is this: We have an explosion of baby-boomers in this country that will create a demographic crisis and we have an explosion on the mandatory side of our budget that will consume two-thirds of it within less than a decade. Already half of the Federal budget is on autopilot. This is the first step since 1997 in beginning to get our arms around that problem.

I urge Members to support this first step towards long-term fiscal discipline and fiscal health for this Nation.

Mr. FARR. Mr. Speaker, for the third time, I rise in strong opposition to the Deficit Reduction Act (S. 1932). This is a second chance to right a wrong and I urge my colleagues to vote wisely. With a deficit of more than $300 billion in 2005, there is little question that something needs to be done about the federal budget. But S. 1932 is nothing more than smoke and mirrors because it will actually increase the deficit. Let me explain.

I've heard loud and clear from my constituents that they do not support this slash and burn budget. They do not want over $11 billion in cuts to student loans or $6.4 billion in cuts to Medicare, particularly at this time when the prescription drug plan is failing miserably. We already have a shortage of doctors on the Central Coast who accept Medicare patients, and this Republican-drafted bill freezes physician payments for doctors who accept Medicare patients. This misguided attempt at deficit reduction will further exacerbate our physician shortage.

This kind of penny-wise pound-foolish legislation translates into a greater strain on state and local resources. And when our state, county and local governments cannot pick up the slack, families and children will only be left with smoke and mirrors. I urge my colleagues to stand up for middle class Americans and defeat this bill.

Mr. SHAYS. Mr. Speaker, it is my understanding that there has been some confusion about Congress's intent regarding the new section 1937 of the Social Security Act, as added by the Deficit Reduction Act. This provision will give states the flexibility they need to provide benchmark benefit packages for Medicaid beneficiaries. Congressional intent is clear, however, that a State may not fail to provide Medicaid Early and Periodic Screening Diagnostic and Treatment (EPSDT) services for children.

To address this confusion, the Centers for Medicare & Medicaid Services (CMS) has issued a statement that clarifies section 1937 to specify that States requesting benchmark benefits will be required to provide EPSDT services for children. I submit for the RECORD the CMS statement to help clarify Congressional intent regarding this provision.

STATEMENT BY MARK B. MCCLELLAN, M.D., PH.D., ADMINISTRATOR, CENTERS FOR MEDICARE & MEDICAID SERVICES

Questions have been raised about the new section 1937 of the Social Security Act (SSA) (as added by the Deficit Reduction Act of 2005) that permits states to provide Medicaid benefits to children through benchmark coverage or benchmark equivalent coverage. If a state chooses to exercise this option, the specific issue has been raised as to whether children under 19 will still be entitled to receive EPSDT benefits in addition to the benefits provided by the benchmark coverage or benchmark equivalent coverage. The short answer is: children under 19 will receive EPSDT benefits.

After a careful review, including consultation with the Office of General Counsel, CMS has determined that children under 19 will still be entitled to receive EPSDT benefits if enrolled in benchmark coverage or benchmark equivalent coverage under the new section 1937. CMS will review each State plan amendment (SPA) submitted under the new section 1937 and will not approve any SPA that does not include the provision of EPSDT services for children under 19 as defined in section! 905(r) of the SSA.

In the case of children under the age of 19, new section] 937(a)(1) is clear that a state may exercise the option to provide Medicaid benefits through enrollment in coverage that at a minimum has two parts. The first part of the coverage will be benchmark coverage or benchmark equivalent coverage, as required by subsection (a)(1)(A)(i), and the second part of the coverage will be wrap-around coverage of EPDST services as defined in section I905(r) of the SSA, as required by subsection (a)(J)(A)(ii). A State cannot exercise the option under section 1937 with respect to children under 19 if EPSDT services are not included in the total coverage provided to such children.

Subparagraph (C) of section 1937(a)(1) permits states to also add wrap-around or additional benefits. In the case of children under 19, wrap-around or additional benefits that a state could choose to provide under subparagraph (C) must be a benefit in addition to the benchmark coverage or benchmark equivalent coverage and the EPSDT services that the state is already required to provide under subparagraph (A) of that section. Subparagraph (C) does not in any way give a state the flexibility to fail to provide the EPSDT services required by subparagraph (A)(ii) of section 1937(a)(1).

Mr. THOMAS. Mr. Speaker, I submit the following for the RECORD.

Mr. Speaker, we are here once again to pass the Deficit Reduction Act. The House approved it in December, but another vote is required due to technical changes made in the Senate. This bill is an important step in removing wasteful and unnecessary spending from the budget. Certainly, more can always be done, but this compromise legislation is a first step on what will be a long road of getting our mandatory spending programs under control. The Conference Report reduces the deficit by more than $35 billion over the next five years, nearly $8 billion of which falls into the Ways and Means Committee's jurisdiction.

Under this Conference Report, the Continued Dumping and Subsidy Offset Act, commonly known as the "Byrd amendment," will be permanently repealed, after a brief two-year phase out. The Byrd amendment is not a trade remedy; it is corporate welfare which benefits very few companies and results in negative consequences for many domestic manufacturers—as recently identified by the Government Accountability Office. In addition, it is inconsistent with U.S. international trade obligations. Repealing the Byrd Amendment is the only way to end retaliation against U.S. exports resulting from this violation.

This legislation will reduce wasteful federal spending by eliminating a loophole that currently allows states to claim federal matching funds for spending federal child support incentive funds. The incentive payments will continue, providing states a total of $2.4 billion over the next five years. But states won't get additional federal funds when they spend these federal bonuses, thus ending this double dipping. It is also important to note that this conference agreement maintains the current generous federal matching rate of 66 percent for child support administrative expenditures.

This Conference Report would also address some of the wasteful spending in Medicare while improving quality in the program. For instance, under the legislation, Medicare will pay for service and maintenance of beneficiary-owned durable medical equipment when repairs are actually required, as opposed to current law, which pays regular service payments regardless of whether the equipment is actually serviced. The bill also allows beneficiaries to own their oxygen equipment after 36 months of rental, while still providing coverage of necessary service and maintenance of that equipment.

To improve quality, the legislation includes provisions to encourage hospitals to follow evidence-based guidelines that can reduce the incidence of preventable hospital-acquired infections.

To explore ways to improve cooperation between health care providers and achieve savings in the health care system, the legislation provides for six gain sharing demonstration projects. As a conferee, I intend that these projects be tested broadly in order to produce valid results and policy recommendations. Also, I intend that these projects not be limited to six individual hospitals and that hospital chains and associations are eligible to apply and participate.

To ensure accurate payment for Medicare Advantage plans, the legislation codifies the phase-out of the budget neutrality factor for risk adjustments for those plans. This change will ensure that traditional fee-for-service and Medicare Advantage plans are being compared and paid accurately. This provision requires adjustments for differences in coding patterns, and the intent of that section is to include adjustments for coding that is inaccurate or incomplete for the purpose of establishing risk scores that are consistent across both fee-for-service and Medicare Advantage settings, even if such coding is accurate or complete for other purposes. Other common-sense reforms in the Medicare program will add up to billions of dollars in savings, while improving quality and service for beneficiaries.

Finally, this Conference Report will extend and improve the 1996 welfare reform law for the next five years. It continues current funding for the nation's welfare to work program, despite a 60 percent welfare caseload decline since 1996. And it includes provisions encouraging more work and self-sufficiency, promoting healthy marriages and responsible fatherhood, and increasing child care funding by $1 billion over the next five years.

Mr. Speaker, I urge my colleagues, once again, to support this legislation.

Ms. WOOLSEY. Mr. Speaker, I don't need to remind anyone in this Chamber of the saying that all politics are local. This budget has real effects on the local level, especially in my home State of California.

As a former welfare recipient, I am concerned with the increased work requirements to TANF. The Legislative Analyst's Office (California's version of the Congressional Budget Office) has said that the State will not be able to meet these new requirements, costing them $400 million in the first year alone.

These requirements undermine the bipartisan work that has been done on the State level to help people get the education they need to obtain a decent paying job. Work requirements without the support of education and child care fail to address the real needs of the working poor.

Mr. Speaker, this issue is too important to be buried in a budget conference report. I urge my colleagues to oppose this bill and give the reauthorization of TANF the careful consideration it deserves.

Mr. TOWNS. Mr. Speaker, I rise today in strong opposition to the Budget Reconciliation Conference Report. The draconian slashes presently included in the report will cause serious harm to the millions of low-income children and families, elderly and disabled individuals who rely on Medicaid for essential health and long-term services and Supplemental Security Income (SSI) and Temporary Assistance for Needy Families (TANF) for critical income support.

Of particular concern is the impact of Medicaid cuts on persons living with HIV/AIDS. Nationally, as well as in New York state, Medicaid is the single largest provider of health care for persons living with HIV/AIDS. There are an estimated 72,000 HIV-infected New Yorkers that are enrolled in Medicaid. This is a critical payer of health care for poor persons living with HIV. The proposed changes to the Medicaid system in the budget reconciliation bill would severely limit the ability of poor people with chronic health conditions to afford medical care and life-saving medications. Many residents of the 10th Congressional District of Brooklyn rely on Medicaid to access life-sustaining health care services and medications. I am strongly opposed to the Medicaid slashes because they especially jeopardize the lives of these individuals, who are among the most vulnerable in my district.

Also of grave concern is the negative impact of these slashes on education. This report includes the largest cut to financial aid in history. The significant cuts to the student loan program places an unfair burden on students and families in pursuit of the American dream of higher education. Many students, especially those studying at public universities like the City College of New York (CUNY), already face financial hardships. These student loan program cuts will make it even more difficult for struggling students to complete their education and will also force them to pay thousands of extra dollars back on their student loans. Clearly, this is unacceptable in our great Nation.

I urge all Members of Congress today to stand in agreement and rise up in opposition to this Budget Reconciliation Conference Report. The draconian slashes included in the report will prove disastrous to the health and well-being of the American people.

Ms. MATSUI. Mr. Speaker, this is the third time the House has voted on this budget package and there is good reason this legislation is having such a difficult time receiving final approval from Congress. While we all agree that this Nation cannot continue to spend beyond its means at the expense of future generations, this budget package will do nothing to right our precarious fiscal situation. If you take even a cursory glance at this legislation, it is readily apparent that the Republican method of deficit reduction is to disproportionately pass the burden on to hard-working Americans and the poorest among us. It ignores the idea of shared sacrifice the American people expect and deserve.

My constituents in Sacramento are outraged—I have received hundreds of phone calls and I have stacks of letters; they are astounded that this bill would cut funding for Medicaid, student loans and child support enforcement in order to finance up to $70 billion in tax cuts. Clearly, they have good reason to be outraged. In fact, I completely agree with them.

For instance, according to the Congressional Budget Office, the budget package will cut Medicaid funding by $28 billion over the next decade and impose new co-payments on participants. The result will be that 65,000 individuals will stop participating in Medicaid over the next decade, 60 percent of whom will be children. In total, 13 million Medicaid participants—over a quarter of whom are children—will face higher financial barriers to health care coverage.

Yet, at the same time Congressional Republicans went ahead with their plans to worsen the health care crisis in this country, they modified one provision in this bill to save the health insurance industry $22 billion over 10 years, according to the Washington Post. As their profits show, this industry is not suffering from falling profits, particularly when you factor in the lavish benefits they received from the President's disastrous prescription drug plan.

Congress needs to get back to common sense budgeting that fairly distributes the burden of deficit reduction. And we need to reinstitute the pay-go budget rules that brought us fiscal surpluses during the 1990s. Congress should be protecting the vital programs that our community depends on and the safety net that protects the weakest among us, while still ensuring long-term fiscal responsibility. I urge my colleagues to vote against this legislation so we can start reducing the deficit in a way that is in the best interest of the vast majority of the American people.

Mr. MORAN of Virginia. Mr. Speaker, I rise today in support of America's working families and in opposition to the spending cuts included in the budget reconciliation conference agreement.

While I am committed to restoring fiscal discipline to the House, cuts to essential social services that aid the most vulnerable in our society are not the appropriate way to achieve this goal. Indeed, none of the savings from the cuts included in this legislation will be used to pay down the deficit, but rather to help finance reconciliation tax cuts for the wealthiest in our society.

Under this bill, $39 billion over 5 years will be cut from social services programs that aid families in need. These spending cuts will negatively impact an estimated 58 million Americans who currently participate in Medicaid, student loans, child support, and Medicare.

The package includes $28 billion in cuts to Medicaid over 10 years, 75 percent of which affect provisions that will increase the number of the uninsured and under-insured by raising co-payments and premiums, cutting benefits, and tightening access to long-term care. The misplaced priorities inherent in this bill will force the neediest in our society to pay more for health care, increasing the growing ranks of the uninsured in America.

In addition to facing higher costs, Medicaid recipients will also be required to submit a passport or birth certificate to maintain or gain eligibility. This provision may prove to be a barrier for vulnerable families who participate in the Medicaid program. It will certainly result in fewer adults and children accessing Medicaid services or having to unnecessarily delay access to critical doctor visits or hospital stays.

By cutting $12 billion in student aid programs, this bill will make it more difficult for students to afford a college education. It will raise the cost of college for students and their families through increased interest rates and loan fees. This bill will be the largest student aid cut ever and shows a lack of commitment by the majority party for the education of our next generation.

Families and children who rely on child support payments and other safety net programs will also be hurt by this legislation; $2.6 billion will be cut from child support enforcement, foster care programs, and Supplemental Security Income. Regrettably, the reduction in child support enforcement funds will result in the loss of billions of dollars in potential child support payments, reducing child support collections by $2.9 billion over 5 years and $8.4 billion over 10 years. This is directly taking money out of the hands of single parents struggling to raise their children on their own.

Mr. Speaker, the bottom line is that the shameful cuts offered by the majority hurt our Nation's most vulnerable citizens in a direct effort to provide more tax cuts for wealthy Americans. I, therefore, strongly oppose this legislation.

Mr. BACHUS. Mr. Speaker, today, we have the opportunity to make significant improvements in our Federal Deposit Insurance system. We do this from a position of strength, as both the insurance fund and the banking industry are extremely healthy. What better time than to fine tune the system and establish a strong footing going forward.

BASIC PRINCIPLES OF REFORM: FAIRNESS AND FLEXIBILITY

The fundamental driving principles of reform were to provide fairness to all insured depository institutions by assessing each based on risk and provide the FDIC with greater flexibility to manage the fund to reflect different economic conditions.

Regarding fairness: The bill provides greater fairness to insured banks in many important ways. First, it authorized the FDIC to revise the risk-based formula to better reflect the risk each institution poses to the insurance fund. In providing this authority, our Committee looked to and relied upon examples provided by the FDIC regarding how the new system might work, including FDIC representations that about 42 percent of all banks would likely remain in the lowest risk category. We know that the very nature of bank loans involves risk. Therefore, we expect the FDIC to form a reasonable system that encourages appropriate risk-taking, consistent with safe and sound banking, and with premiums at a level that protect the best run banks from being overcharged and that don't inadvertently stop lending. In this bill, we make explicit that the size of the financial institution should not bar an institution from being in the lowest risk category. It is risk that matters, not size. We expect the FDIC to time assessments in such a manner that banks are able to plan for such an expense, thereby avoiding unexpected or untimely costs on the bank.

Secondly, the bill recognizes that about 10 percent of institutions have never paid a premium to the FDIC to support its operations.

This has put a burden on those institutions that fully capitalized the insurance funds in the mid-1990s. Thus, this legislation provides that those institutions that capitalized the fund with initial credits—in proportion to each institution's financial contribution to FDIC—that are intended to offset premium assessments for many years to come. Those institutions that have not financially supported the FDIC would not have these credits and would begin to pay premiums to the FDIC. Moreover, should the insurance fund grow to the upper regions of the normal operating range for the FDIC, banks would be entitled to a cash dividend in proportion to their historic financial contributions.

Regarding flexibility: The bill provides FDIC greater flexibility to manage the insurance fund. The law that our bill replaces constrained the FDIC from charging most banks when the reserve ratio remained above a certain level and would force FDIC to charge high premiums, 23 basis points, at times when it made the least sense. Our bill allows the FDIC to manage the fund within a wide range, with the idea that assessments would remain reasonably constant and predictable.

Importantly, this bill is not intended to raise more money than what the FDIC would have collected under the old law. Nor is this bill intended to encourage the FDIC to build the fund to the highest possible level. In fact, we know that each dollar sent to the FDIC means that there are fewer dollars that can support lending in our communities. And as we considered this bill, we heard testimony that suggested that each dollar sent to Washington means that eight dollars of lending is lost. We cannot afford to restrict lending in our communities just to have more money added to the nearly $50 billion already in the insurance fund.

To protect against the fund growing too quickly, the legislation provides an automatic braking system that would return as a dividend 50 percent of any excess when the reserve ratio of the fund is above 1.35 percent. It also caps the fund level, providing a 100 percent dividend when the reserve ratio exceeds the upper limit of the range at 1.50 percent. This assures that money will remain in our communities. And while we provided the FDIC some authority to suspend the 50 percent dividend under extraordinary circumstances where it expects losses over a 1-year timeframe to be significant, our expectation is that this authority be used rarely and be reviewed each year when the new designated reserve ratio is set. The intention of this exception is that it be temporary and not a regular event, and that the FDIC communicates to Congress and the industry its justifications.

DESIGNED FOR THE FUTURE

Not only does the legislation provide fairness and flexibility, it also anticipates needed changes in the coverage levels over time. We know that inflation has cut in half the real value of the current insurance coverage since it was last changed in 1980. We also know that as the baby boomers move into retirement, that the current coverage level was inadequate to protect their life-long savings. Thus, this bill increased to $250,000 the insurance limit on retirement accounts.

The House has repeatedly voted overwhelmingly in favor of legislation that would automatically index coverage levels based on inflation. The other body has only recently passed deposit insurance reform. The indexing language included in the Senate reconciliation bill required the FDIC to "determine whether" to increase coverage based on the amount of inflation increase plus a long list of factors. The compromise language we have agreed to calls on the FDIC and NCUA to jointly consider just three narrow factors. Those factors are (1) the overall state of the Deposit Insurance Fund and economic conditions affecting insured depository institutions; (2) potential problems affecting insured depository institutions; and (3) whether the increase will cause the reserve ratio of the fund to fall below 1.15 percent of estimated insured deposits. If the FDIC and NCUA elect not to increase coverage, they must make the case based on these three narrow factors. The key language in the compromise is that the FDIC and NCUA, "upon determining that an inflation adjustment is appropriate, shall jointly prescribe the amount by which" coverage "shall be increased by calculating" the amount of inflation. This change in language, from "determine whether" to "shall jointly prescribe" is a clear statement that Congress is establishing a presumption that the agencies will increase coverage if warranted by past inflation.

STRONGER THAN EVER

This legislation will make the insurance fund even stronger than it already is and, in combination with the extensive regulatory and supervisory authorities of the FDIC, ensures that the fund and the banking industry will remain strong for a very long time.

Ms. JACKSON-LEE of Texas. Mr. Speaker, we have before us, for the third time, the Budget Reconciliation Spending Cuts Act. Reigning in spending is an idea that everyone in this House can agree on. Many of my colleagues and I are deeply disturbed where this $40 billion in spending cuts is coming from, however. In a time when it is getting harder and harder for the lower class to get by in this country, the Republicans are asking the poor, the downtrodden, the disabled and the young to sacrifice on behalf of the rich. I want to emphasize that these cuts are not meant to free up money to rebuild the gulf coast, or reduce the deficit, or even help our troops in Iraq. In fact, many of these proposed cuts will actually hurt those affected by Katrina. Overall, these spending cuts, when combined with $86 billion in tax cuts for the rich, will increase the deficit and the national debt, and increase the burden placed on our neediest families.

MEDICAID

In the United States, there are 45 million Americans living today without any health insurance at all. We have one of the worst records of all of the developed nations when it comes to providing health care to our citizens. This conference agreement cuts $6.9 billion over 5 years from Medicaid and State Children's Health Insurance Program, SCHIP. A large portion of the "savings" in Medicaid comes from language that will allow States to reduce the number of beneficiaries eligible for Medicaid, and increase the costs for others. The purported "savings" in the Medicaid program found in this conference agreement will be paid for directly out of the constituents' pocketbooks. This bill makes it even harder for families in need to afford healthcare.

MEDICARE

The conference report includes provisions that will reduce spending on Medicare by a net total of $6.4 billion over 5 years. The agreement reduces Medicare payouts for certain services, and requires beneficiaries to purchase, rather than rent certain medical equipment. In the agreement, also cut are payments to home health care providers, making it even more difficult to provide adequate care to the elderly.

STUDENT LOANS

As founder and co-chair of the Congressional Children's Caucus, as a person who understands the value of our Nation's youth, and as a mother of two, I really want to bring focus on the effect this bill will have on our Nation's children. If you have children who are in, or considering going to college, I want you to listen to this: this agreement, if passed today, will place an added burden of $12.7 billion directly on students over the next 5 years. This is accomplished through adding fees to the processing of student loans, and increasing the interest rates on paying back those loans. Students borrowing money for college will pay thousands of dollars more on their student loans. This is in the face of college costs up over 7 percent this past year alone. Voting "yes" for this agreement will harm one of our most precious national resources, our students.

CHILD SUPPORT ENFORCEMENT

This conference report cuts matching funds to child support enforcement. In other words, we are cutting $1.6 billion to fund that enforces collections on dead-beat dads. It is said that for every $1 put in to child care enforcement, $4 is collected for the families. This cut will seriously harm States' abilities to help families receive child support that is owed to them. The CBO estimates that this policy change will reduce child-support collections by $2.9 billion over 5 years and $8.4 billion over 10 years.

CHILD WELFARE

The bill cuts $577 million from foster care programs by reducing the number of children eligible for foster care. The burden of covering the newly ineligible children is shifted to the states, who are already eye-ball deep in budget crises and will leave some children without the care they need.

LIHEAP

Another important aspect of this bill is the addition of $250 million for Low-Income Home Energy Assistance Program for this year, and $750 million for next year. I appreciate the addition of this money into the conference report, but am concerned that this will not be sufficient. Especially around the gulf coast and in my district of Houston, we are experiencing abnormally high energy costs after the damage caused by Katrina and Rita, and many of the infrastructures of homes in the area has been damaged. I hope we can consider subsidizing this LIHEAP program further in this upcoming session.

JUDICIARY

As a member of the House Judiciary Committee, I would also like to briefly comment on the increased costs to citizens for access to our court system. The cost for filing in Federal appeals court will increase by 80 percent, and the cost for filing in Federal district court will increase by 40 percent. Fees for bankruptcy claims will also significantly increase. Increased fees are marginal to wealthy individuals, but could be restrictive to our poorer constituents who already feel that they have limited access to the judicial system.

KATRINA

I would also like to express my concern over the reduction of $400 million in Katrina health care relief funding from the original House bill. Further, unlike either the House or the Senate bills, this is a capped amount of money as opposed to a guaranteed funding stream. The $2.1 billion towards Katrina health care relief offered in this agreement is a fraction of what should be a much more substantial recovery package for the region. I again hope we can find it in our hearts and our budgets next year to further help the damaged gulf coast and its inhabitants.

Allow me to cite some of the specific cuts I, and our constituents across the country, will find so objectionable in this conference report:

Medicaid—The report cuts Medicaid spending by $6.9 billion nationwide.

Medicare—The report cuts Medicare spending by $6.4 billion nationwide.

Student Loans—The report cuts spending on student loan program by $12.7 billion over 4 years.

Child Support—The report cuts $1.6 billion from child support programs over 5 years. Custodial parents will receive $2.9 billion less child support over 5 years and $8.4 billion less over 10 years.

Child Welfare—The report cuts $577 million from foster care programs by reducing the number of children eligible for foster care. The burden is shifted to the States, who are already deep in budget crises and cannot afford this extra strain.

Judiciary—The report raises $553 million by increasing the fees paid to file for bankruptcy or for civil case filing.

This is not how we take care of our own in Texas, and this is not how we do things in the United States. This conference agreement launches an unabashed attack on the American way by slashing funding towards those that are most vulnerable. And don't you be fooled. These spending cuts aren't meant to offset the costs of rebuilding the gulf coast, these spending cuts are meant to offset tax cuts that will benefit the rich.

Mr. Speaker, we cannot allow the burden of the $40 billion in tax cuts to be placed on the backs of our Nation's neediest families. The decision to vote up or down on this legislation isn't a blurry line involving political ideology; it isn't a debate of republican vs. democratic philosophy. This is black and white. Passing this conference agreement will hurt the children, hurt the poor, hurt the old and hurt the young. I am strongly opposed to this legislation, and I implore my colleagues on both sides of the aisle to vote against these unthinkable cuts.

Mr. VAN HOLLEN. Mr. Speaker, we are here today because of a few minor changes the Senate made to this legislation after it passed the House last year. Those changes did not alter the defective nature of the underlying bill—or my fundamental opposition to it.

From the single largest cut to student aid in the forty year history of the Higher Education Act to new burdens placed on poor people and children served by Medicaid, this reconciliation package targets those with the least in order to pay—or I should really say, partially pay—for tax cuts that flow disproportionately to those with the most.

That's right: When this $39 billion in spending cuts is paired with the $122 billion in tax cuts the House has already approved, the Deficit Reduction Act actually increases the deficit by over $80 billion.

Furthermore, as recent press reports have highlighted, it didn't have to be this way. When it comes to restraining government spending, there are plenty of other choices we could have made—like eliminating $22 billion in overpayments to Medicare HMOs or terminating the $10 billion Medicare PPO slush fund or restoring $9.6 billion in drug company rebates to the Medicaid program. All of these provisions were stripped out of this conference report behind closed doors in the middle of the night.

The Republican leadership here in Congress has allowed special interest lobbyists to drive the legislative process. As a result, the powerful win—and the people we are supposed to serve lose.

Although several higher education provisions I authored related to curtailing excessive lender subsidies, strengthening the school-as-lender program and providing mandatory deferment for active duty military are included in this report, these positive steps are in and of themselves not sufficient to overcome the overarching misdirection of the underlying bill.

For that reason, we should reject this legislation and put an end to the special interest politics that produced it.

Mr. DAVIS of Illinois. Mr. Speaker, last night, the President charged us to encourage economic progress, fight disease, and spread hope in hopeless lands. Unfortunately, this budget bill ignores the economic wellbeing, health, and hopes of the poor within our own nation. Just the idea of some of these draconian measures is enough to send chills up and down one's spine because we are talking about programs that provide basic assistance to vulnerable, low-income families and individuals. The proposed cuts come almost entirely from healthcare and education. We are talking about cutting programs that provide help to people with disabilities, to people who make use of the earned income tax credit, to people who use Supplemental Security Income programs, to people relying on the Temporary Assistance to Needy Families, and to the elderly. Although I do not think it is the majority's intention, these cuts effectively target low-income and minority Americans.

I am disappointed and discouraged that education bears one-third—31 percent—of the budget cuts. Education is central to developing economic progress and a successful citizenry. These education cuts impede access to education for hundreds of thousands of low-income and middle-income students. Financial barriers are the key to determining whether most low income, first generation, and minority students will successfully complete college. Indeed, only 54 percent of lowincome students obtain degrees, compared to 77 percent of high-income students. I will soon introduce legislation to help meet the needs of these students, but I fear that it will not cover the ground lost here.

The societal costs of these cuts are great, and my state and district will dramatically feel their effects. In Illinois, residents with a bachelor's degree enjoy almost double the salary of those with only a high school diploma, a 2.5 percent lower unemployment rate, and a dramatically lower likelihood of receiving public assistance. Undermining the ability of individuals to access education affects their long-term ability to be productive citizens. Moreover, 26 percent of Illinois residents have a bachelor's degree, most of whom required student loans to help them attain their degrees. In my district, I have over 40 institutions of higher education, each of which will suffer from this legislation. At the University of Illinois at Chicago alone, almost 10,000 students depend on the Direct Student Loan program to enable them to attend college. The increased fees and interest rates in this bill will burden a dependent undergraduate student at this respected university with an additional $2,500 in debt. It will burden a dental student with an additional $19,000 in debt over the life of their loan.

This bill continues its war on the poor by undermining the adequate health care, with 50 percent of the proposed cuts coming from Medicaid and Medicare. Although health care coverage continues to be an issue of great concern to many Americans, the House leadership and the Bush administration have brought before us a bill that makes drastic cuts in our nation's health care commitments. Over the next 10 years, nearly $50 billion will be squeezed out of Medicare and Medicaid—the very programs that ensure health coverage for our most vulnerable citizens, low-income seniors, and children. The non-partisan Congressional Budget Office estimates that 65,000 Americans, 60 percent of whom are children, will lose access to Medicaid coverage by 2015. Furthermore, health care costs will increase for an estimated 20 million Americans and 1.6 million will lose vital dental, vision, and mental health services. I can just imagine what this will do to the more than 20 hospitals, health centers, and private physician practices in my district. Imagine the large number of children and poor people who will not be able to access adequate health care. These provisions ignore the needs of our most vulnerable and will have a very real impact in human terms.

Further, these cuts jeopardize the well-being of our most needy—children and families needing temporary assistance. This legislation fails to provide the funding necessary to support low-income families, especially foster care children living with grandparents and other relative providers. One of the most egregious aspects of the bill is that it rewards states for cutting caseloads rather than for successfully moving individuals from welfare to work. This reward system defines success as low-numbers without attention to whether our most vulnerable families are making it. This legislation fails to provide the financial support necessary for families to meet the new requirements, and it sets parents up for failure.

This bill also attacks relative caregivers on multiple fronts. As of 2003, 23 percent of foster children lived with relatives, and, unfortunately, these providers are much more likely than non-kin providers to live in poverty. Rather than support these families, this bill reduces financial support to children living with relatives, encourages non-relative placements, and jeopardizes the ability of states to provide safe and stable placements for children. Given that African-American grandparents serve as kinship care providers at higher rates than other racial/ethnic groups, the elimination of federally funded foster care assistance for thousands of children who live in low-income homes with relatives unfairly discriminate against relative caregivers who are most often African American. These cuts are particularly upsetting to me because I represent a congressional district with the second highest percentage of grandparents caring for their grandchildren.

The estimated "savings" from cuts in the welfare provisions are clearly at the expense of the states and families, and the cuts will negatively affect a state's ability to achieve safety, permanency, and well-being for children in the foster care system, in addition to creating a disincentive to care for these children in need. While noteworthy, this is unfortunately not the only place in this bill in which our most vulnerable citizens who hold little sway in Washington are squeezed to reward the connected and the wealthy.

This legislation comes up short in terms of the needs of businesses as well. Small businesses account for 99.7 percent of America's employers, they are the economic engine that drives America because they create three-fourths of all new jobs, employ half our workers, account for half of our gross domestic product and contribute more than 55 percent of innovations. Yet, the Deficit Reduction Act provides no money for the Small Business Administration's flagship 7(a) Loan Program. It is the agency's largest and most important program in terms of number of loans and program level supported. The 7(a) Program provides loan guarantees to eligible small businesses that have been unsuccessful in obtaining private financing on reasonable terms.

One of the worst offenses of this budget bill is that it legitimizes cutting the basic rights of education, safety, and health to support $70 billion in tax cuts for the extremely wealthy. In essence and in reality, we are talking about Robin Hood in reverse; that is, take from the poor and give to the rich. We are allowing a tremendous burden to be put on working class families to cover budget irresponsibility. Ford Motor Company and General Motors announced plans to lay-off 60,000 workers; workers who have families that are already trying to make ends meet in our in our sluggish economy. I am strongly in favor of our government operating on sound fiscal policies. I am in favor of reducing the deficit to the extent prudent and possible. I am in favor of budget reconciliation, but not on the backs of the poor, needy, and most vulnerable sectors of our society.

This bill is bad for Chicago, for Illinois, and for the nation. I can do nothing less than oppose this bill. As a matter of fact, it would be a dereliction of my duty and responsibility if I were to vote for the Deficit Reduction Act that is before us. I will vote prudently and sensibly.

Mr. ORTIZ. Mr. Speaker, when we passed the Federal budget last year, Democrats offered an alternative that would have achieved a balanced budget in 10 years, 10 years to spread out the pain of finally paying our bills again and freeing up the future for our children. When we passed this budget last spring, we were told there was no fat in it—it was all bone. When you cut bone, you fall down. Last year, the House struck out on this bill.

Today the House is striking out again even if this bill passes today, let it forever be known as the "3 strikes and you're out" budget. Strike 1: It hits hard our senior citizens, currently struggling under a difficult Medicare drug benefit, strike 2: It squeezes our middle class that pays the taxes and struggles to pay the household bills, and strike 3: It hits our children and students, who represent the future of this Nation.

Three strikes, today Congress hits all 3 components of American society with these budget cuts.

But let's get to why this bill is before us today. We're not here because the hurricanes busted the budget. It's not the war, it's just that many people in this House demand that we spend the Treasury's money on tax cuts for wealthier Americans. Period. It's about nothing more than spending this money on tax cuts today which mean tax increases on our children tomorrow.

Budgets are a reflection of who we are and what we value. The budget cuts offered in the House of Representatives today—which I oppose—simply do not represent the values that we say are important to us in this nation. We value each other, we value the rule of law, we value education and keeping our families safe. South Texans have been astounded at the depth of cuts in the Federal budget, which mean Texas students will be less likely to stay in school or go to college. Low income Texas children will be sicker with the cut in health benefits. Seniors will lose essential services.

Today's bill will increase the deficit by $17 billion, give more tax cuts to the wealthy, and hurt those who use student loans, who need health care and who benefit from rural programs. We have got to come up with a budget that represents the right priorities for students, seniors, Katrina families and rural Americans. We had an opportunity to vote for such a budget last spring, with the right priorities, that paid down the deficit—authored by JOHN SPRATT—but the House rejected it.

When the $38.8 billion in spending cuts in this package are combined with the total of $122 billion in tax cuts passed by the House in 2005, Republicans are increasing the deficit by $83 billion over the next 5 years. Plus, when an AMT fix is included over the 5-year period, Republicans are actually increasing the deficit by $321 billion. Calling this a deficit reduction bill is not truthful.

It is incumbent upon all of us in Congress to help all Americans, not just the wealthy few. We can do better than this—and we must. This package is cutting vital services upon which working families depend, including the following:

GOP conference report slashes Medicaid by $6.9 billion over 5 years and $28.3 billion over 10 years. The conference report allows states to charge Medicaid enrollees more to get the health care that they need—allowing substantial increases in co-payments and premiums for many low-income enrollees. This increased cost-sharing achieves savings of $1.9 billion of 5 years and $9.9 billion over 10 years. Studies have shown that this increased cost-sharing will result in a decline in enrollees' use of health care services and a worsening of their health status.

Seventy percent of the GOP Raid on Student Aid falls directly on students and parents. Seventy percent of the gross savings in higher education in the conference report are achieved by increasing college loan costs for parent borrowers and by continuing the practice of forcing student and parent borrowers in many cases to pay excessive interest rates on their loans.

GOP conference report will result in $8.4 billion in reduced child support collections. CBO has estimated that the conference report will lead to $8.4 billion in reduced child support collections upon which hundreds of thousands of struggling single parents rely, pushing more children into poverty and letting deadbeat dads off the hook.

Mr. MARKEY. Mr. Speaker, I rise today in strong opposition to this nearly $40 billion cut from programs to help poor and middle class Americans.

Last night, in the State of the Union, President Bush said, "our greatness is not measured in power or luxuries, but by who we are and how we treat one another. So we strive to be a compassionate, decent, hopeful society."

Yet the Republican's first act after the President uttered those words is to take hope and help away from those who need it most.

This Republican reconciliation bill slashes $11.9 billion from student loan programs to help kids go to college.

It cuts $6.4 billion from Medicare and makes elderly beneficiaries pay higher premiums for their health care.

It cuts $1.5 billion from programs to make sure that dead beat dads take responsibility for their actions and pay their child support.

And it takes away $6.9 billion from Medicaid which helps the poorest and sickest children and families in our country get healthcare.

And all of the money that is taken away from the poor and middle class will go straight into the pockets of millionaires. The Republican Reconciliation Tax Cut bill gives the top 1 percent of Americans who are millionaires will get $32,000 extra dollars a year. The average American family will get approximately $7.00 from that bill.

While the Republicans claim that this Reconciliation process will reduce the deficit, it will have the exact opposite effect.

The Republican Reconciliation package will increase the deficit by giving more and more tax cuts to the ultra-rich.

While cutting Medicaid, Medicare and student loans will do little to offset the $122 billion dollars in tax cuts that the Republicans have passed over the past year, it will have an enormous impact on the lives of average Americans.

What does this say about who we are and how we treat one another?

It says that this Republican Congress believes that it is more important to make their fat cat friends fatter than it is to provide education, health care and child support to those who need it most.

So much for compassion and decency.

This Republican bill does not simply rob the poor of resources. The proposed cuts rob the poor of opportunity by targeting programs that work to bridge the gap between rich and poor and even the playing field for all American families.

Our country deserves better than empty promises and recycled rhetoric from our leaders.

Vote "no" on this irresponsible, short-sighted and immoral Republican Reconciliation package.

Mr. ETHERIDGE. Mr. Speaker, once again, I rise in opposition to this misguided budget cut bill.

Let me state clearly that I strongly support tough budget discipline to reverse the policies of the past five years, to rein in the annual deficits, balance the budget again and pay off the national debt. I am tremendously proud that in my first term in the U.S. House, Congress worked together with the White House in a bipartisan manner to balance the budget for the first time in a generation. That cooperative action produced broad-based economic growth and record budget surpluses.

Unfortunately, the current White House and Congressional Republican Leadership have squandered those surpluses and passed reckless budget legislation that has replaced those surpluses with chronic deficits and record national debt. This bill offers more of the same.

This conference report contains harmful cuts to essential services and does nothing to reduce the budget deficits or offset the costs of recovery from Hurricane Katrina or the ongoing war in Iraq. At a time when American families are getting squeezed, the budget reconciliation package cuts funding for priorities including Medicare and Medicaid, student loans, child support and food stamps that assist the. working poor and the middle class.

Specifically, this legislation will cut Medicaid by nearly $7 billion, cut Medicare by $6.4 billion, cut student loans by more than $12 billion, and cut child support by $8.4 billion. The bill also breaks the promise of the Farm Bill by cutting $2.7 billion from commodity, conservation and rural development funds. Although I am pleased this version of the bill abandons earlier attempts to open the Arctic Wildlife Refuge and coastal areas like the Outer Banks to oil and gas drilling and a few other modest improvements, these changes in no way compensate for the bill's fundamental flaws.

Congress should reject this legislation and go back to the drawing board to produce a responsible federal budget for the American people. I support pay-as-you-go (PAYGO) budget rules to enact budget discipline and restore fairness and equity to the budget process. I want Congress and the President to work together across the partisan divide to balance the budget once again, pay down the national debt and invest in our people and our country's economic competitiveness in the 21st century global marketplace.

I urge my colleagues to join me in voting against these senseless budget cuts.

Mr. BISHOP of Utah. Mr. Speaker, the Budget Deficit Act of 2005 has the noble goal of being a first step in a long time toward bringing fiscal sanity to the federal budget. Forty billion dollars is a small but correct step in regaining control of our budget, and we can not retreat and drop this burden on the backs of our citizens. For that reason it is important to pass this legislation, but like all bills with multiple titles there are some negative aspects hidden within the 700 plus pages of monetary policy.

I am very disturbed at the introduction of a certain new entitlement program with new mandatory spending in this reconciliation bill. The Academic Competitiveness Grant Program, inserted in Conference under Title VII, section 401 of S. 1932, authorizes $3.5 billion in new spending. It is wrong!

This new entitlement offers scholarships to worthy kids who have completed a "rigorous secondary school program of study"—that part is justifiable—"established by a state or local government education agency"—that part is obvious—"and recognized as such by the Secretary."—that part is illegal and indefensible. Current law specifically prohibits this control of state curriculum by the federal government. It reads, "No provision of any applicable program shall be construed to authorize any department, agency, officer, or employee of the United States to exercise any direction, supervision, or control over the curriculum, program of instruction, administration, or personnel of any educational institution, school, or school system." (US Code, Title 20, Chapter 31, Subchapter ill, Sec. 1232a) The simple phrase, "recognized as such by the Secretary" will potentially extend federal intrusion into what is Constitutionally a state and local responsibility. The language does not openly insert the federal Education Secretary into education curriculum control, but opens the door for such control for the first time in history. A state not willing to subject itself to the deadening hand of federal control and regulation, will seriously harm students in that state and in their ability to finance a higher education. No state will be able to resist this type of financial extortion, and will ultimately succumb to the control of the federal Education Secretary. One can only hope this was not the subtle intent of the Senators who snuck this provision into the Conference Report, but it is the practical result.

Also frustrating is the lack of deliberation over the merits of this new program and its new spending. The Academic Competitiveness Grant Program was slipped into the Conference Report for S. 1932 after versions without the program passed both the Senate and House. This new federal program of mandatory spending was never heard by a committee in the House or Senate. It was never voted on the floor of either House or Senate. It is a clear violation of the Senate's "Byrd Rule." This program managed to bypass the scrutiny, input, and deliberation of regular order and was unwisely attached to a must-pass savings bill. In a bill dedicated to limiting spending, The Academic Competitiveness Grant Program creates a new almost $4 billion spending entitlement, diminishing the savings or making even deeper reductions in other legitimate programs.

Even if the Academic Competitiveness Grant Program is the panacea for poor student scores in math and science, it is the wrong approach. It threatens to undermine the responsibility of states over education; it threatens to undermine federal law; and it threatens to undermine freedoms guaranteed in the Constitution.

Mr. KUCINICH. Mr. Speaker, the bill before us today cuts approximately $12 billion from the federal student programs. Under this bill, the tax cuts for the super-rich are placed on the backs of students and their families. Under this bill, student borrowers—already saddled with $17,500 in debt—will be forced to pay even more for his or her college loans.

The bill raises student loan interest rate caps and raises student loan taxes and fees. It places billions of dollars in student aid at risk by cutting $2.2 billion in critical funds used to carry out and administer the student aid programs.

Some of the excessive subsidies to large lending institutions are finally cut but no protections are put in place to ensure that students will not have those costs passed on to to them as well. Rather than reinvesting those dollars into low-interest loans and additional grants, this bill uses the money for alleged deficit reduction.

This bill is a travesty. It masquerades as a budget reconciliation, but is truly a tax cut for the wealthy paid for by students. The Higher Education Act was intended to help provide all Americans, regardless of their income-level, with greater educational opportunities. The Act recognizes the shared benefits, by both society and the individual, of a higher education. But instead of working to further those goals, the changes to student loan programs that we are faced with today undermine the goal of HEA.

We must make it clear that we place students above tax cuts for the wealthy and defeat this bill. I urge my colleagues to stand with me and oppose H. Res. 653.

Mr. BACHUS. Mr. Speaker, I rise in strong support of the Deposit Insurance Reform legislation included in S. 1932, the Deficit Reduction Act of 2005.

I want to begin by thanking Financial Services Committee Chairman OXLEY for his relentless efforts on moving this deposit insurance reform legislation. He has shown tremendous leadership in steering this complex bill through the legislative process, and I am deeply grateful that he gave me the opportunity to work on this landmark piece of legislation. I also want to thank the Ranking Member of the Committee, Mr. FRANK, for his support. This was truly a bipartisan effort, and I believe we have a better legislative product because of that. In addition, I want to express my deep appreciation for Senator SHELBY's work on increasing coverage for retirement accounts to $250,000.

Deposit insurance reform has been thoroughly discussed and debated over several years. During both the 107th (H.R. 3717) and 108th (H.R. 522) Congress, I introduced comprehensive deposit insurance reform legislation. The legislation was a byproduct of recommendations made by the FDIC in early 2001, a series of hearings held in my Subcommittee on proposed reforms to the Federal deposit insurance system, and broad-based bipartisan cooperation. H.R. 3717 passed the House in the 107th Congress by a vote of 408–18, and H.R. 522 passed the House in the 108th Congress by a vote of 411–11. During this Congress, Congresswoman HOOLEY and I introduced this same legislation—H.R. 1185—with Chairman OXLEY and Ranking Member FRANK. On May 4, 2005, H.R. 1185 passed the House by a vote of 413 to 10. The legislation is supported by the American Association of Retired Persons (AARP) as well as all of the banking and credit union trade associations.

Federal deposit insurance has been a hallmark of our nation's banking system for more than 70 years. The reforms made by this legislation will ensure that this system that has served America's savers and depositors so well for so long will continue to do so for future generations.

What does the legislation do? First, it merges the separate insurance funds that currently apply to deposits held by banks on the one hand and savings associations on the other, creating a stronger and more stable fund that will benefit banks and thrifts alike.

Second, the bill makes a number of changes designed to address the "pro-cyclical" bias of the current system, which results in sharply higher premiums being assessed at "down" points in the business cycle, when banks can least afford to pay them and when funds are most needed for lending to jumpstart economic growth. By giving the FDIC greater discretion to manage the insurance funds based on industry conditions and economic trends, the legislation will ease volatility in the banking system and facilitate recovery from economic downturns.

Third, the legislation makes monumental changes to law with regard to deposit insurance coverage levels. The system has gone 25 years without such an adjustment—the longest period in its history—and the increases provided for in the legislation are critical if deposit insurance is to maintain its relevance. The legislation establishes a permanent indexation system to ensure that coverage levels keep pace with inflation by indexing coverage from its current level of $100,000 every five years. The indexation, which begins in 2010, applies to all accounts, including retirement and municipal accounts. Without these changes, deposit insurance will wither on the vine, which is an unacceptable outcome for the millions of Americans who depend upon it to protect their savings.

The legislation also immediately increases deposit insurance coverage available to retirement accounts, including IRAs and 401ks, from its current level of $100,000 to $250,000. Particularly in light of volatility on Wall Street and other developments that have shaken confidence in the markets in recent years, senior citizens and those planning for retirement need a convenient, conservative, and secure place for their retirement savings. With the higher coverage levels provided for in this bill, the American banking system will give seniors that safe haven. That is why the AARP has enthusiastically endorsed the coverage increases in this bill.

All of us have heard from community bankers in our districts about the challenges they face in competing for deposits with large money-center banks that are perceived by the market—rightly or wrongly—as being ‘‘too big to fail.’’ By strengthening the deposit insurance system, the conference report will help small, neighborhood-based financial institutions across the country, particularly in rural America, continue to play an important role in financing economic development. The deposits that community banks are able to attract through the Federal deposit insurance guarantee are cycled back into local communities in the form of consumer and small business loans, community development projects, and home mortgages. If this source of funding dries up, it will have devastating consequences for the economic vitality of small-town America.

I want to again commend Chairman OXLEY for the tremendous leadership he has shown in steering this complex bill through the legislative process. I also want to thank Ranking Member FRANK, Congresswoman HOOLEY, Senator SHELBY, Senator SARBANES, Senator ENZI, Senator CRAPO, Senator ENZI, and Senator JOHNSON for all of their work on this legislation.

Let me also take this opportunity to thank the staff members on the House Financial Services Committee who worked on this legislation. Both Chairman OXLEY and Ranking Member FRANK are to be commended for assembling such a talented group of staff to work on Deposit Insurance Reform legislation. On the majority side, I would like to thank Bob Foster, Carter McDowell, Peggy Peterson, Tom Duncan, Peter Barrett and Dina Ellis who serves as my designee on the Committee. I want to give a special thanks to Jim Clinger who recently left the Committee to work at the Department of Justice. Without Jim's hard work, dedication and knowledge we would not be here today, and I am grateful for all of his efforts. I would also like to thank Larry Lavender, Warren Tryon and Kim Olive of my staff for their work on this issue. On the minority staff, I would like to thank the following staff members: Jeanne Roslanowick, Jaime Lizarraga, Erika Jeffers, Ken Swab and Matt Schumaker of Congresswoman HOOLEY's staff.

In closing, Mr. Speaker, let me just say that this legislation will promote the stability and soundness of the banking system. It will also provide assurance to working families, retirees, and others who place their hard-earned savings in U.S. banks, thrifts, and credit unions that their FDIC-insured deposits are safe and secure.

Mr. COOPER. Mr. Speaker, I would like to discuss a provision of S. 1932 that has caused great concern among hospitals throughout the State of Tennessee and in my own district. This provision relates to the calculation of Medicare disproportionate share payments for hospitals, commonly known as the DSH adjustment.

Congress created the DSH adjustment to provide appropriate funding to hospitals and other Medicare providers who care for a disproportionate share of low income inpatients. However, since its enactment into law, there has been a dispute between hospitals throughout the country and the Centers for Medicare and Medicaid Services (CMS) over how to calculate the DSH adjustment. Fifteen hospitals in Tennessee took CMS to court over this dispute in the case of Cookeville Regional Medical Center v. Thompson. At issue in Cookeville was whether CMS should include all Medicaid days related to a patient's stay in the DSH calculation, even if the patient was only eligible for Medicaid benefits through a federally approved Medicaid 1115 waiver program. CMS took the position it would exclude Medicare waiver days from the DSH calculation prior to January 20, 2000, in its discussion of an interim final rule promulgated on January 20, 2000.

On September 30, 2005, the United States District Court for the District of Columbia agreed with the Tennessee hospitals that Medicare waiver days must be included for the years 1994 to 2000. The Court determined that Congress intended to include these days in the DSH calculation when it enacted the Medicare DSH statute. CMS's interim final rule did not change that. For the Tennessee hospitals, the decision in Cookeville means up to $100 million in corrected payments covering the years 1994 to 1999. CMS appealed the District Court's September 30th decision on December 23rd.

Mr. Speaker, I thought that this resolved the matter, however I was disturbed to see language in S. 1932 that CMS might argue applies to the Cookeville case on appeal. Section 5002(b) of the Medicare Title of S. 1932 ratifies the interim final rule promulgated on January 20, 2000 by CMS and makes it effective on the date it was promulgated. In other words, CMS might attempt to accomplish legislatively what it could not accomplish in Cookeville.

I rise today to state, as a member of the House Budget Committee which has jurisdiction over S. 1932, the Deficit Reduction Act, that Sec 5002(b) should not be used to reverse the Cookeville decision and deny Tennessee its correct DSH payments as determined under the Medicare statute for the years 1994 through 1999.

Mr. PUTNAM. Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore (Mr. SIMPSON). The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Ms. SLAUGHTER. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this question will be postponed.

USA PATRIOT ACT 5-WEEK EXTENSION

Mr. SENSENBRENNER. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4659) to amend the USA PATRIOT Act to extend the sunset of certain provisions of such Act.

The Clerk read as follows:

H.R. 4659

Be in enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. EXTENSION OF CERTAIN PROVISIONS OF THE USA PATRIOT ACT.

Section 224(a) of the Uniting and Strengthening America by Providing Appropriate Tolls Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001 (Public Law 107–56; 115 Stat. 295) is amended by striking ‘‘February 3, 2006’’ and inserting ‘‘March 10, 2006’’.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Wisconsin (Mr. SENSENBRENNER) and the gentleman from Virginia (Mr. SCOTT) each will control 20 minutes.

The Chair recognizes the gentleman from Wisconsin.

GENERAL LEAVE

Mr. SENSENBRENNER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on H.R. 4659 currently under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. SENSENBRENNER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 4659, to extend until March 10 crucial provisions of the PATRIOT Act set to expire this Friday.

On December 23 of last year, both Houses unanimously passed a short-term extension of the PATRIOT Act to preserve critical antiterrorism initiatives that were set to expire at the end of last year. Unfortunately, we must